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## Canada Student Loans Program



# Annual Report 2005 - 2006

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## MESSAGE FROM THE MINISTER



As Minister of Human Resources and Social Development, I am pleased to present the Canada Student Loans Program Annual Report for 2005-2006.

Increasing access to post-secondary education is about creating new opportunities and choices for Canadians. Our goal is to create the best educated, most skilled, most flexible, and inclusive workforce in the world.

The Government of Canada recognizes the value of a well-educated and highly-skilled workforce in order for Canada to remain competitive in our knowledge-based economy and for Canadians to participate fully in society. The Canada Student Loans Program (CSLP) works to reduce financial barriers to post-secondary education by providing loans and grants to full and part-time students with demonstrated financial need.

The CSLP has been investing in Canadians since 1964. From its inception until July 2006, the CSLP has provided close to \$28.1 billion in student loans to more than 3.95 million students. In the 2005-2006 loan year, the CSLP provided \$1.9 billion in loans, assisting more than 40 percent of all full-time post-secondary students in participating Canada Student Loan jurisdictions. The CSLP also disbursed 81,382 grants for approximately \$138.4 million to eligible part-time students, students with dependents, students from low-income families, females pursuing doctoral studies and students with permanent disabilities.

Now, we need to build on this foundation and improve it by modernizing Canada's system of student financial assistance to deliver better results in today's increasingly knowledge-based global economy.

We are committed to achieving a Knowledge Advantage, and taking action to achieve and deliver excellence in post-secondary education.

A handwritten signature in dark ink that reads "Monte Solberg". The signature is fluid and cursive, with the first name "Monte" and last name "Solberg" clearly distinguishable.

The Hon. Monte Solberg, P.C., M.P.  
Minister of Human Resources and Social Development

### Vision

The Canada Student Loans Program's vision is that all Canadians have the opportunity to develop the knowledge and skills to participate fully in the economy and in society.

### Mission

The Canada Student Loans Program (CSLP) seeks to promote accessibility to post-secondary education for students with demonstrated financial need by:

- *providing* loans and grants to eligible individuals;
- *developing and implementing* policies that balance requirements for accountability, integrity and responsiveness to the changing needs of students and society;
- *providing* information to help students and their families make informed choices;
- *enhancing and improving* the delivery of services, resulting in high client satisfaction;
- *ensuring* the development and renewal of a valued, knowledgeable, motivated workforce within the CSLP; and
- *building on and improving* collaborative partnerships with federal, provincial and territorial partners, stakeholders and student organizations.

### Mandate

The Canada Student Loans Program's mandate is to promote access to post-secondary education through the provision of financial assistance in the form of loans and/or grants to qualified students based on financial need, regardless of province or territory of residence.

### Legal Mandate

Canada Student Loans issued prior to August 1, 1995 (guaranteed student loans),<sup>1</sup> are governed pursuant to the *Canada Student Loans Act* and its regulations. Risk-shared<sup>2</sup> (August 1995 to July 2000) and directly financed<sup>3</sup> (August 2000 to present) student loans are governed pursuant to the *Canada Student Financial Assistance Act* and its regulations.

While financial assistance is mainly delivered through repayable loans, section 15 of the *Canada Student Financial Assistance Act* authorizes the CSLP to establish targeted non-repayable grants. Non-repayable grants are available for students with permanent disabilities, students from low-income families, females pursuing doctoral studies, students with dependents and high-need part-time students.

1. Under the guaranteed regime, the federal government guaranteed lenders repayment of Canada Student Loans.

2. Under the risk-shared regime, the federal government paid nine private lenders a premium of 5% in return for accepting the risk of non-repayment.

3. As of August 2000, the federal government directly finances loans and has contracted third-party Service Providers to administer the loan process. The *Canada Student Financial Assistance Act* and its regulations were amended in 2000 to allow for directly financed loans.

## EXECUTIVE SUMMARY

This annual report of the Canada Student Loans Program (CSLP) informs Parliament and Canadians of the program's achievements and performance for the 2005-06 loan year (August 1, 2005 to July 31, 2006) and provides detailed financial information for the 2005-06 fiscal year (April 1, 2005 to March 31, 2006).

All data in this report represent only the federal share of student loans and grants. Students are likely to also have received provincial or territorial loans and may have received other funding as well.

## BACKGROUND

### Post-Secondary Education in Canada

Research shows that more and more Canadians are investing in their future by attending post-secondary education (university, community college, trade school, private vocational school and/or career college). Post-secondary education opens doors for individual Canadians by providing better job opportunities, and also benefits Canada as a whole through improved competitiveness and productivity, and stronger social cohesion. The Government of Canada plays a strong role in ensuring Canadians have access to attending post-secondary education by helping students fund their education through programs like the CSLP.

The CSLP reduces financial barriers to post-secondary education by providing loans and non-repayable grants to students with demonstrated financial need. Since its introduction in 1964 until July 2006, the CSLP has provided close to \$28.1 billion in student loans to more than 3.95 million students.

### Provincial and Territorial Partners

The Government of Canada jointly administers the CSLP and other forms of student financial assistance with nine participating provinces and the Yukon Territory. The Government of Canada provides alternative payments to Quebec, the Northwest Territories, and Nunavut for their own provincial/territorial student assistance programs, as these jurisdictions do not directly participate in the CSLP.

### Canada Student Loan Regimes

Since August 1, 2000, the Government of Canada has directly financed federal student loans to borrowers. Prior to providing loans to students under the direct loan regime, the CSLP provided loans under the guaranteed and risk-shared regimes. The total portfolio for the CSLP thus includes all three methods of administering loans to borrowers: the guaranteed, risk-shared and direct loans regimes.

- The total value of the CSLP portfolio for all loans from the three regimes was approximately \$11 billion as of March 31, 2006, a \$425 million increase over the previous fiscal year.
  - \$0.2 billion (2%) from guaranteed loans;
  - \$3.4 billion (31%) from risk-shared loans; and
  - \$7.4 billion (67%) from direct loans.

### Impacts from the 2004 Federal Budget

Substantial improvements to the CSLP were announced in the 2004 Budget and these changes came into effect for the 2005-2006 loan year.

- The federal loan limit was increased from \$165 to \$210 per week of study.
- The CSLP helped students from middle-income families have access to

additional financial support by reducing the amount parents from middle-income families are expected to contribute to post-secondary education.

- Computer costs were included as part of eligible costs for books and supplies.
- A new Canada Access Grant for Students from Low-income Families was introduced to assist first-time, first-year students from low-income families.
- A new Canada Access Grant for Students with Permanent Disabilities was introduced to provide eligible students with a grant of up to \$2,000 to reduce barriers associated with disabilities. Effective August 1, 2005, this grant replaced the Canada Study Grant for High-need Students with Permanent Disabilities.
- Improvement to Debt Management Measures: The maximum income allowed for a borrower to be eligible for Interest Relief was increased by 5%, and the maximum Debt Reduction in Repayment amount (available to borrowers who have exhausted Interest Relief) was increased from \$20,000 to \$26,000.
- Administrative fees to participating provinces/territories were increased. This increase was aimed at compensating provinces/territories for a portion of the costs associated with the delivery of certain aspects of the CSLP, such as the needs assessment process.

### Impacts from the 2005 Federal Budget

- Eligibility for loan forgiveness of Canada Student Loans was extended for direct loans. In the unfortunate event that a borrower with direct loans dies or becomes permanently disabled, loan forgiveness is now available

regardless of when the borrower's death or disability occurs.

### The 2006 Federal Budget

Budget 2006 provided \$370 million in new investments over the subsequent two years to help foster excellence and accessibility in post-secondary education. As part of the budget commitment to work towards resolving the fiscal balance with provincial and territorial governments, additional funding of up to \$1 billion to provinces and territories was confirmed to support investments to promote innovation and accessibility in post-secondary education. The Minister of HRSDC was also asked to consult with the provinces and territories on objectives, roles and accountability for post-secondary education and training.

In addition, the Government of Canada helped students in their pursuit of post-secondary education by reducing financial barriers through increased direct supports to students and their families. These include:

- The expansion of eligibility for Canada Student Loans: The minimum income threshold at which parental contributions would be expected will shift upwards by an average of 17%. This will permit more students from middle-to higher-income families (\$65,000 to \$140,000 range) to access Canada Student Loans. This will take effect August 2007; the impacts will therefore not be covered in this Annual Report.
- The creation of a new tax credit for textbooks that will provide a tax reduction of \$65 per month for full-time post-secondary students and \$20 per month for part-time students.
- The elimination of the current \$3,000 limit on the amount of scholarship, bursary and fellowship income a post-secondary student can receive without paying federal income tax.



### Program Improvements

Two service providers manage Canada Student Loan borrower accounts on behalf of CSLP. The CSLP determined that moving from two service providers to one service provider for all borrowers would result in more efficient program administration. The CSLP initiated a process to secure a new service provider contract, which included developing a request for proposal and a service provider procurement transition team specialized in this matter.

In August 2005, the responsibility and accountability for the collection of Human Resources and Social Development Canada (HRSDC) debts, including defaulted student loans, were transferred to the Canada Revenue Agency. This integrated collections initiative ensures a more efficient and streamlined service delivery by eliminating the need to replicate investment and expertise in multiple departments.

## PROGRAM ACTIVITIES BEFORE, DURING AND AFTER POST-SECONDARY EDUCATION

### Awareness of CSLP and the CanLearn Web site

Through CanLearn ([www.canlearn.ca](http://www.canlearn.ca)) and provincial partners' Web sites, the CSLP helps improve Canadians' awareness of the costs and benefits of post-secondary education and awareness of the financing options available to students.

- The CSLP and the Service Canada Centres for Youth (SCC-Y) located in Nova Scotia partnered to provide 100 Service Canada regional employees three days of training on the CSLP, its policies and processes. This training will be further incorporated into a pilot project entitled the Student Ambassador's Program, to be implemented in 2006-2007.

- The CSLP attended 14 trade show and fair events in six provinces between August 2005 and July 2006. It distributed various CSLP publications, demonstrated the CanLearn Web site and answered student loan questions.
- A multi-media Pan-Canadian Communications Campaign was developed and launched in the 2005-2006 loan year and coincided with the CanLearn Web site redesign. This five-year social marketing initiative by the federal and participating provincial/territorial governments seeks to encourage parents of young children to plan and save for their children's post-secondary education and to increase awareness of the range of options for financing post-secondary education.

### Demographic Profile of Student Loan Borrowers

In the 2005-2006 loan year:

- The vast majority of the borrower population was single: 86% of full-time and 70% of part-time borrowers.
- Close to one half (47.9%) of full-time borrowers were 21 years old and under and 12.1% were 30 and older. Part-time borrowers were generally older than full-time borrowers, with 37.1% of them being 30 and older.
- The number of women receiving Canada Student Loans continued to be higher than the number of men. Six out of 10 full-time Canada Student Loan borrowers, and seven out of 10 part-time borrowers, were women.
- Most full-time borrowers (57.4%) were enrolled in undergraduate programs, and 38.3% were enrolled in non-degree-granting programs such as community colleges and trade schools. The remaining 4.3% were masters or doctoral

students. Part-time borrowers were more likely to go to non-degree granting programs than full-time borrowers.

- Almost 9 out of 10 of all full-time borrowers remained in their home province or territory to study, while 1 in 10 studied outside their home province or territory. Borrowers attending university were the most mobile.

### Canada Student Loan Disbursements

#### Full-Time Loans

In the 2005-2006 loan year:

- The CSLP provided loans to 40.3% of all full-time post-secondary students. Of the approximate 853,000 post-secondary students in participating Canada Student Loan jurisdictions, the CSLP provided loans to 343,638 full-time students for a total of \$1.9 billion. This is an increase of 6,382 borrowers, or 1.9% increase of total CSLP borrowers, and an increase of \$306.2 million in loan disbursements since the 2004-2005 loan year.
- Approximately 454,000 borrowers received in-study interest subsidies, whereby the Government of Canada provided interest subsidies totalling \$171 million.
- Full-time borrowers received an average loan of \$5,631, which was \$802 more than the previous loan year.
- Over half of all borrowers (53.0%) were from Ontario, and 16.4 % of borrowers were from British Columbia. While the number of Ontario borrowers is increasing, their average loan amount is decreasing.
- The proportion of full-time borrowers who attended university increased slightly by

1.2 percentage points to 57.5% of total borrowers since the 2004-2005, while borrowers from college and private institutions represented 31.8% and 10.7% of total borrowers respectively.

#### Part-Time Loans

In the 2005-2006 loan year:

- A total of \$3.8 million was disbursed to 2,127 part-time borrowers, who accounted for less than 1% of the total borrower population. The average part-time loan was \$1,795, about the same as in the previous year.
- Alberta continued to have the highest percentage of all part-time borrowers at 30.6%, followed closely by Ontario at 29.5%.
- Nearly half (48.9%) of all part-time borrowers attended university, 40.5% attended college and 10.6% attended a private institution.

#### Canada Study Grants

Canada Study Grants (CSGs) provide non-repayable assistance to eligible students with dependents, students with permanent disabilities, high-need students with permanent disabilities, high-need part-time students and females pursuing doctoral studies. In the 2005-2006 loan year:

- The CSLP disbursed 49,500 CSGs for a total cost of approximately \$79.5 million.
- Most of the grant amount (70.9%) was disbursed for Students with Dependents, for a total cost of \$56.3 million.
- The CSLP disbursed 8,488 CSGs for Students with Permanent Disabilities, for a total of \$19.4 million, representing 24.4% of the total CSG amount.

- The CSLP disbursed 2,847 CSGs for High-Need Part-Time Students, for a total of \$3.0 million, representing 3.7% of the total CSG amount.
- The CSLP disbursed 275 CSGs for Females Pursuing Doctoral Studies, for a total of \$0.8 million, representing 1% of the total CSG amount.
- Approximately 43% of borrowers owed the CSLP over \$10,000, the same proportion as the previous year.
- New Brunswick and British Columbia had the largest increases in amount owing compared to the previous loan year (\$740 and \$658 respectively). Yukon had the smallest increase of \$86, and the average indebtedness in Manitoba dropped by \$176.

### Canada Access Grants

In 2005-2006, the Government of Canada issued two new non-repayable grants: the Canada Access Grant (CAG) for Students with Permanent Disabilities and the Canada Access Grant (CAG) for Students from Low-Income Families. The CAG for Students with Permanent Disabilities replaced the Canada Study Grant for High-Need Students with Permanent Disabilities. The new grant extended the benefit to students who were not at the loan limit. In the 2005-2006 loan year:

- The CSLP disbursed 9,794 CAGs for Students with Permanent Disabilities, for a total of \$18.8 million. Compared to 2004-2005, 6,880 more students with permanent disabilities received a grant, mainly because of the expanded coverage of the CAG.
- The CSLP disbursed 22,088 CAGs for Students from Low-Income Families, for a total of \$40 million.

### Average Canada Student Loan Indebtedness

Canada Student Loan indebtedness refers to the amount a borrower owes the CSLP upon entering repayment. Note that students may also owe money on provincial or territorial student loans. In the 2005-2006 loan year:

- Borrowers owed the CSLP an average of \$11,323, which was \$272, or 2.5% higher than in the 2004-2005 loan year.

- University borrowers owed an average of \$14,708 upon entering repayment, while college borrowers owed an average of \$9,020 and private institution borrowers owed an average of \$8,463. These represent a 2.6%, 2.0% and 1.6% increase from the 2004-2005 loan year, respectively.
- Borrowers between the ages of 26 and 29 had the highest average debt at \$14,217.
- On average, women owed \$487 more than men.

### Debt Management Measures

The CSLP offers programs for borrowers experiencing financial difficulty repaying their loans. Borrowers can apply for Revision of Terms to decrease (or increase) their monthly loan payment, Interest Relief (IR) if they are experiencing temporary financial difficulty repaying their loan, or Debt Reduction in Repayment if they are experiencing prolonged financial difficulty.

- A total of 53,557 borrowers revised the terms of their loans, an increase of 12.6% from the 2004-2005 loan year.

Borrowers receiving Interest Relief are not required to make any interest or principal payments for periods of six months at a time on their Canada Student Loans.

In the 2005-2006 loan year:

- A total of 102,338 borrowers benefited from IR, for a total cost to the government of \$60.5 million. The number of IR recipients declined by 5,850 and the cost of IR also decreased by \$4.3 million since the 2004-2005 loan year.
- The majority of borrowers receiving IR are those with very low monthly family income; 35.0% of IR recipients had a monthly family income of less than \$500.
- A total of 44.9% of all IR recipients had attended university, 37.6% had attended college and 17.4% had attended a private institution.
- Older borrowers tended to use IR more; 39.2% of IR recipients were those aged 30 and older.
- Women accounted for 65% of IR recipients, while men accounted for 35%.

Debt Reduction in Repayment (DRR) is an additional debt management measure for borrowers having long-term difficulty repaying their loans. It reduces the principal of a borrower's Canada Student Loan and reduces monthly loan payments to an affordable level that is based on income. In the 2005-2006 loan year:

- The number of Canada Student Loan borrowers who benefited from DRR was 4,311, for a total cost to the government of \$26.7 million. The amount of DRR varies considerably from year to year, depending on the number of borrowers who are eligible for it.

## PROGRAM RESULTS

The CSLP's strategic objectives are to maintain the government's commitment to accessibility, promote awareness, make the loan experience a positive one, and ensure performance, integrity and accountability.

### Commitment to Accessibility

The CSLP conducted a tracking survey of youth from the ages of 17 and 30, including both youth who were and were not enrolled in post-secondary studies.<sup>4</sup> Results demonstrated that seventy-seven percent (77%) of all current Government Student Loan holders<sup>5</sup> surveyed reported that they would have experienced a major negative impact had they not received a Government Student Loan for their current school year. These can be broken down into:

- A total of 53% of Government Student Loan holders would not have enrolled this reporting year without a student loan. Of these, 39% would have delayed their studies and an additional 14% would have dropped out completely had they not received a loan.
- Another 44% indicated that they would have enrolled regardless of the receipt of a student loan. Half (48%) would have changed their plans however, by reducing their course load, changing their educational institution or obtaining a job.

In addition, a total of 14% of students who applied for a loan but did not qualify had to either (1) reduce their course load; (2) study part-time instead of full-time; or (3) change their educational institution or program of study.

4. Createc+: Special Investment Fund - 2006 SIF Omnibus Survey, July 2006.

5. Government Student Loans (GSL) include both participating provincial and territorial loans and federal loans.



## Awareness of the Canada Student Loans Program

The same survey of youth<sup>6</sup> also tracked awareness levels.

- In integrated provinces, 50% were aware of the CSLP, while in non-integrated provinces, 48% were aware.

The CSLP conducted another survey with only the borrower population to determine their awareness and client satisfaction levels.<sup>7</sup>

- Three-quarters (74%) of the surveyed borrowers in repayment found that repayment options were clear to them at the time they entered into the repayment period. However, there was a large difference in understanding certain details of their loans. For example, most students (86%) were clear about the total amount of their loan, but only 66% were clear on the current interest rate.

## A Positive Loan Experience

- Seventy-five percent (75%) of borrowers expressed satisfaction with the Canada Student Loans Program overall, a six percent increase over the previous year. Only 4% of borrowers expressed dissatisfaction. In addition, more borrowers believed service had improved (11%) than worsened (6%) over the previous year.

In terms of client satisfaction with the service from the National Student Loan Service Centre (NSLSC):

- Ninety-five percent (95%) of borrowers were satisfied with being served in their official language of choice.

- Seventy-four percent (74%) of borrowers were satisfied with the assistance they received from the NSLSC on responding to their inquiry on the initial contact.

- Seventy-three percent (73%) of borrowers were satisfied that their questions were answered completely.<sup>8</sup>

## Integrity of the Canada Student Loans Program

Canada Student Loans are funded by Canadian taxpayers, and the CSLP effectively safeguards the integrity of the Program. This includes working to reduce the loan default rate, managing the loan portfolio, and conducting audits and verifications to ensure proper program delivery and the integrity of financial statements. Integrity achievements and activities for the 2005-2006 loan year included:

- The 3-year cohort default rate declined from 28% for the 2003-2004 repayment cohort to 18% for the 2004-2005 cohort. A further reduction of 3% is forecasted for the cohort of borrowers that entered into repayment in 2005-2006.
- To reduce the opportunity for fraudulent applications, CSLP has partnered with the Social Insurance Registry to validate the personal information associated with a Social Insurance Number (SIN). This protects borrowers against those who would try and use another's SIN to obtain funding for post-secondary education.
- The CSLP, in collaboration with provincial partners, conducted numerous financial audits and verifications, as well as annual attest audits that determine the accuracy of the financial statements, of the direct lending regime and of integrated student loans

6. Createc+: Special Investment Fund – 2006 SIF Omnibus Survey, July, 2006.

7. Createc+: 2006 CSLP Client Satisfaction Survey, August 2006.

8. Ibid.

programs. The Government of Canada and provincial governments also jointly undertook three compliance reviews of selected designated educational institutions in Manitoba, Nova Scotia and New Brunswick to ensure that these institutions were abiding by the legislation and policy established for student financial assistance programs.

## INTRODUCTION

The Annual Report for the Canada Student Loans Program (CSLP) informs Parliament and Canadians of the CSLP's achievements and performance for the 2005-2006 loan year (August 1, 2005 to July 31, 2006) and provides detailed financial information for the 2005-2006 fiscal year (April 1, 2005 to March 31, 2006).

This report is neither a policy document nor a research paper, but is a summary of significant program activities that informs readers of the state of the CSLP. It is also important to note that all data in this report represent only the federal share of a borrower's loans and grants. Borrowers are also likely to have provincial or territorial loans and may have received funding from other sources as well.

**Part I** of the report describes the **Background**, including the context and history, as well as roles and responsibilities of the CSLP. It will also discuss external factors that influence the operations of the Program and enhancements made to the CSLP in the 2005-2006 loan year.

**Part II** of the report highlights the **Program Activities** by looking at CSLP's activities as they support students before, during and after post-secondary education. This includes examining the awareness levels of, and access to, CSLP's programs, as well as demographics of Canada Student Loan borrowers once they receive their loan, and of students once they received their grant. This section also outlines the overall performance of the Canada Student Loans portfolio for the 2005-2006 loan year, including information on loan and grant disbursements, and loan repayment information and debt management options for borrowers after they have finished post-secondary education.

**Part III** provides **Program Results** in the 2005-2006 loan year of the CSLP.

**Part IV** provides **Financial Details**, such as financial data, appendices and the glossary.





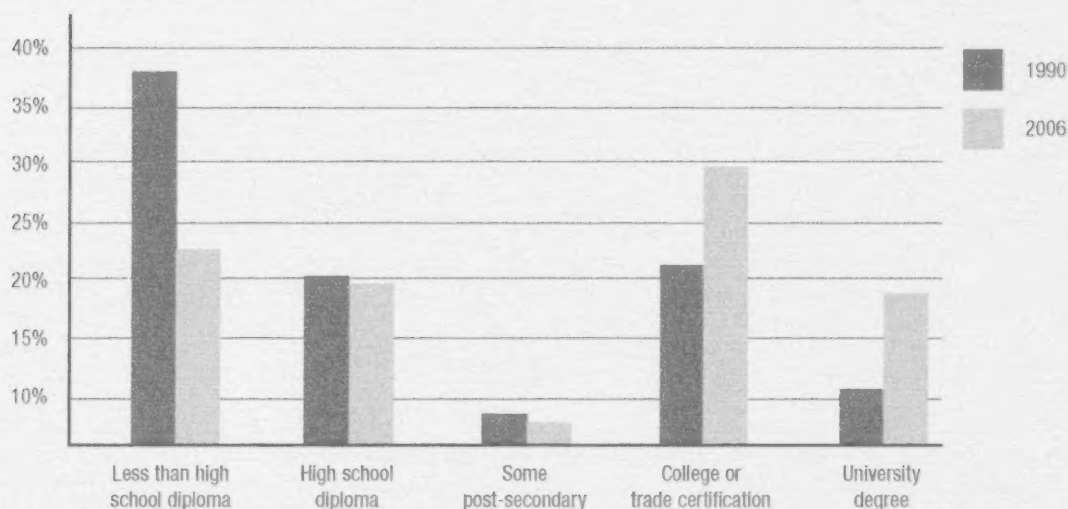
# PART I BACKGROUND

## 1. POST-SECONDARY EDUCATION IN CANADA

Research shows that more and more Canadians are increasing their level of education. In 2006, 49% of Canadians aged 15 and over had post-secondary education – trade certificates, college diplomas, or university degrees – an increase of 16 percentage

points since 1990.<sup>9</sup> Post-secondary education opens doors for Canadians by providing better job opportunities as well as developing personal growth and civic and community involvement.

Level of education, Canada, 1990 and 2006



With changing technologies and rising skills and knowledge requirements in the global economy, post-secondary education provides an investment in Canada's future. A report from the Organization of Economic Co-operation and Development (OECD) shows that Canada had the highest graduation rates for post-secondary education among the OECD and G7 countries in 2004.<sup>10</sup>

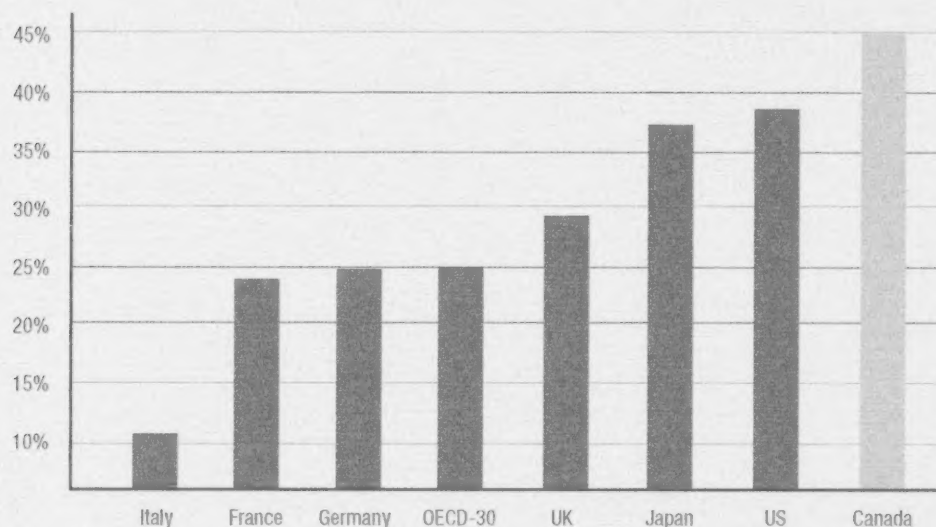
High post-secondary education completion levels not only strengthen the economy, but also enhance the quality of life of citizens. A population with a high level of education is also important for healthy communities. "Research has found a strong correlation between post-secondary education and higher levels of volunteerism and charitable giving, as well as lower crime rates and reduced use of the health-care system."<sup>11</sup>

9. Human Resources and Social Development Canada, calculations using Statistics Canada, Labour Force Historical Review, 2006, catalogue no. 71F0004X.

10. OECD, "Table A1.3a. Population that has attained tertiary education (2004)" Education at a Glance, 2006.

11. Canada Council on Learning, Canadian Post-secondary Education: A Positive Record – An Uncertain Future, Ottawa, 2006, [www.ccl-cca.ca/CCL/Reports/PostSecondaryEducation/Archives2006/index.htm?Language=EN](http://www.ccl-cca.ca/CCL/Reports/PostSecondaryEducation/Archives2006/index.htm?Language=EN)

### Completion of post-secondary education, population 25-64 years, Canada, G-7 countries and OECD-30 average, 2004



While participation in post-secondary education has been growing, financial barriers still limit some Canadians from attending post-secondary institutions. Studies show that Canadians' access to post-secondary learning opportunities is uneven,

with attendance directly linked to individual financial status and geographical location.<sup>12</sup> With rising tuition and living costs, many students are relying on outside sources of funding in order to access post-secondary education.<sup>13</sup>

12. Canada Council on Learning, Canadian Post-secondary Education: A Positive Record – An Uncertain Future, Ottawa, 2006, [www.ccl-cca.ca/NR/rdonlyres/BD46F091-D856-4EEB-B361-D83780BFE78C/0/PSEReport2006EN.pdf](http://www.ccl-cca.ca/NR/rdonlyres/BD46F091-D856-4EEB-B361-D83780BFE78C/0/PSEReport2006EN.pdf)

13. Usher, A. and Potter, A., The State of the Field Review of Post-Secondary Education prepared by Educational Policy Institute, 2006, [www.ccl-cca.ca/NR/rdonlyres/3093CF3C-C93B-49CC-995D-A01A778E44D6/0/SoFreviewonPSE.pdf](http://www.ccl-cca.ca/NR/rdonlyres/3093CF3C-C93B-49CC-995D-A01A778E44D6/0/SoFreviewonPSE.pdf)

## 2. CANADA STUDENT LOANS PROGRAM - A LONG HISTORY OF HELPING STUDENTS

The Canada Student Loans Program (CSLP) reduces financial barriers to post-secondary education<sup>14</sup> by providing loans and grants to students with demonstrated financial need. Since its inception in 1964 until July 2006, the CSLP has provided close to \$28.1 billion in student loans to more than 3.95 million students.

### 2.1. CANADA STUDENT LOAN REGIMES

The CSLP was created in 1964 under the *Canada Student Loans Act* to promote access to post-secondary education in Canada. Between 1964 and 1995, student loans were provided under the guaranteed loans regime, where financial institutions administered the loans and the loan repayment process once students were approved to receive financial assistance. In return, the Government of Canada guaranteed each Canada Student Loan that was issued by reimbursing the financial institution the full amount of loans that went into default. In 1995, the *Canada Student Financial Assistance Act* (CSFAA) was introduced to administer the risk-shared loan regime, whereby the financial institutions assumed responsibility for the possible risk of defaulted loans in return for a fixed payment from the Government.

Since August 1, 2000, the CSFAA was amended to allow for directly financed loans by the Government of Canada through the CSLP. The amendment allows CSLP to have more control over the repayment process and to be able to offer

non-repayable grants to targeted students with demonstrated financial need.

As there are no new loans being disbursed under the guaranteed and risk-shared loan regimes, all guaranteed loans are expected to be re-paid by 2018, while risk-shared loans are expected to be repaid by 2023.<sup>15</sup> Until borrowers finish repaying loans from these previous regimes, a small percentage of borrowers may hold Canada Student Loans from more than one regime, making separate payments for each.

Additionally, borrowers holding a Canada Student Loan from a non-integrated province/territory are also required to make separate loan payments for their provincial/territorial loan and their Canada Student Loan. The CSLP currently has integration agreements with Ontario, New Brunswick, Newfoundland and Labrador and Saskatchewan; students from these provinces can manage their loans and make payments on both their federal and provincial direct loans at the same time to the same place.

The total value of the CSLP portfolio, including guaranteed, risk-shared and direct loans, was \$11.0 billion as of March 31, 2006. This represented a \$425 million increase since March 31, 2005. Broken down by the three loan regimes, these represent 2% in guaranteed, 31% in risk-shared, and 67% in direct loans respectively (Graph 1).

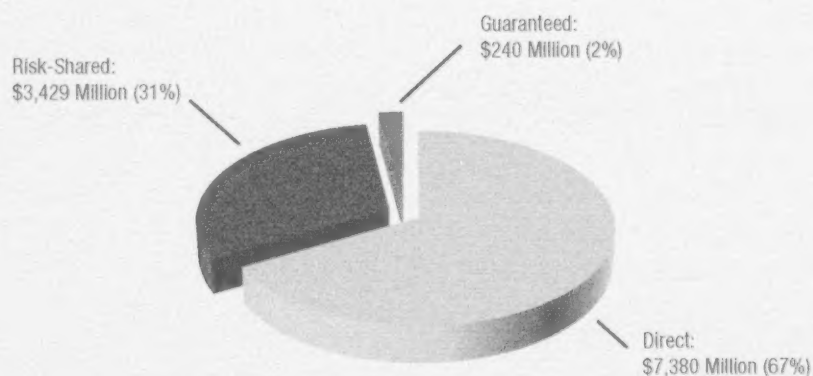
14. Post-secondary education includes public education institutions (university or community college) and private education institution (trade school, private vocational school and/or career college).

15. Office of the Chief Actuary. *Actuarial Report of the Canada Student Loans Program* as on 31 July 2006, [www.osfi-bsif.gc.ca/app/DocRepository/1/eng/reports/oca/cslp06\\_e.pdf](http://www.osfi-bsif.gc.ca/app/DocRepository/1/eng/reports/oca/cslp06_e.pdf).



**Graph 1 – CSLP Loan Portfolio by Loan Regime**

Loan Year: August 1-July 31

**2.2 PROGRAM ACTIVITIES AND LOGIC MODEL**

CSLP's vision is that Canadians have an opportunity to develop the knowledge and skills to participate in the economy and society. The Logic Model maps out how to attain that vision by schematically presenting the activities, outputs, and direct and indirect outcomes of the Program (Figure 1).

The Program's major activities include:

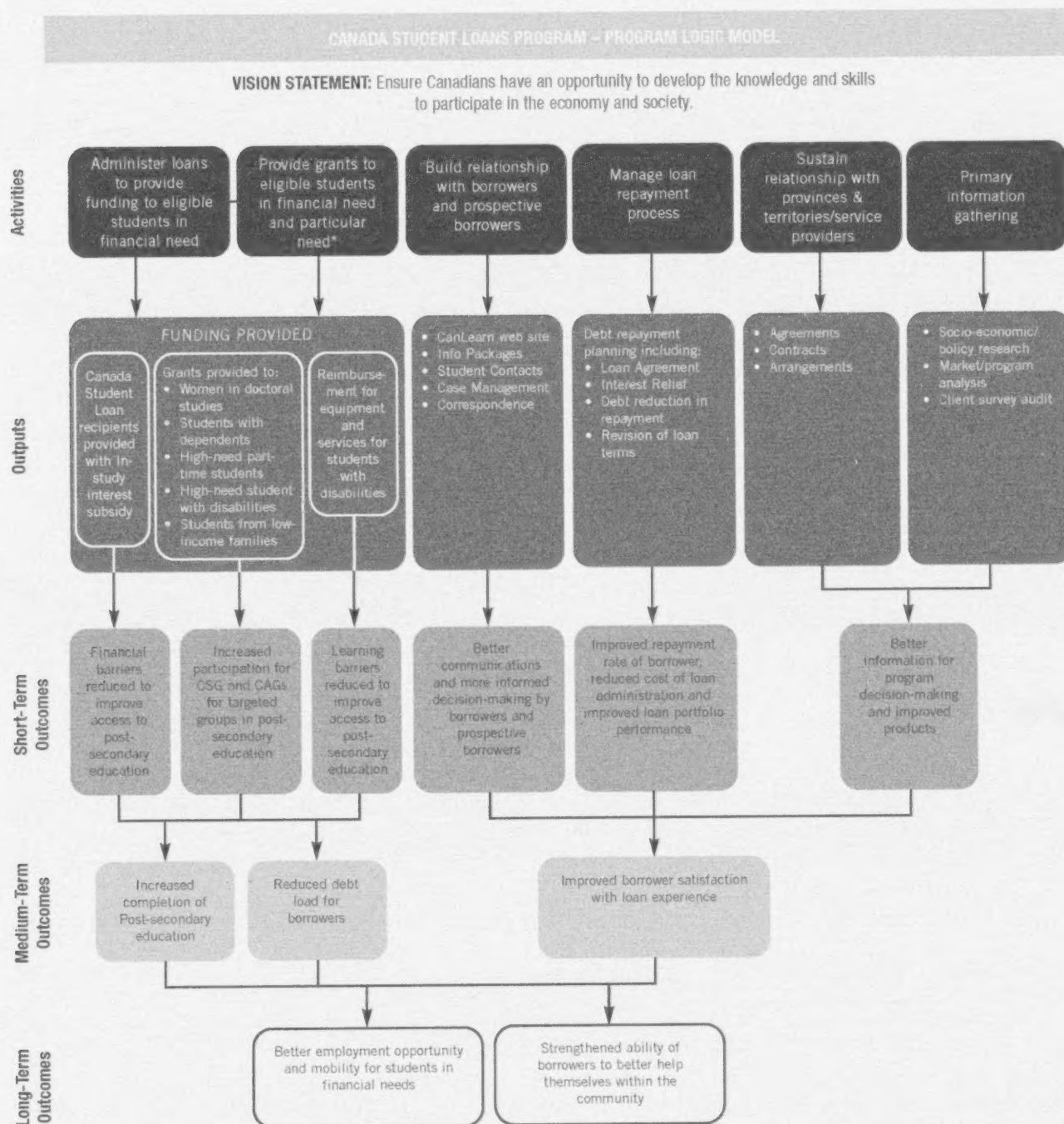
- administering loans to provide funding to eligible students in financial need;
- providing grants to eligible students in financial need;
- building relationships with borrowers and prospective borrowers;
- managing the loan repayment process;
- sustaining relationships with provinces and territories, services providers; other government organizations and stakeholders; and
- gathering information related to the CSLP and Student Financial Assistance.

These activities are meant to achieve the following outcomes for the borrower and the Program:

- improved access to post-secondary education by reducing financial barriers;
- increased participation for Canada Study Grants (CSGs) and Canada Access Grants (CAGs) target groups in post-secondary education;
- more informed decision-making by borrowers and prospective borrowers;
- improved client satisfaction with program delivery;
- improved repayment rate, reduced cost of loan administration and improved loan portfolio performance; and
- improved program design and delivery.

It is expected that these outcomes will lead to increased completion of post-secondary education, reduced debt load for borrowers, improved borrower satisfaction with the loan process, and better employment opportunities and mobility for students in financial need. The ultimate goal is that Canadians have the opportunity to develop the knowledge and skills necessary to participate in the economy and society.

**Figure 1 – Canada Student Loans Program Logic Model**



\* Canada Study Grants target students with disabilities; students with dependents; high-need part-time students and women in doctoral studies.

\* Canada Access Grants are targeted to students from low-income families and students with personal disabilities.

## 2.3 ROLES AND RESPONSIBILITIES

The CSLP works with numerous partners to effectively deliver loans and grants to students. Human Resources and Social Development Canada (HRSDC) is responsible for the management, administration and delivery of the CSLP on behalf of the federal government. Delivery partners include participating provinces, the Yukon Territory, two contracted private service providers, Public Works and Government Services Canada, other divisions of HRSDC, Service Canada and the Canada Revenue Agency.

### Provincial and Territorial Partners

The funding of a borrower's student loan is shared by federal and provincial/territorial governments. The Government of Canada funds 60% of a borrower's loan up to a maximum of \$210<sup>16</sup> per week of study. Nine provinces and the Yukon Territory provide the remaining funding for students in their jurisdiction. The provinces and territory process student loan applications, determine whether a student is eligible for a Canada Student Loan (CSL), Canada Study Grants (CSGs) and/or Canada Access Grants (CAGs) based on demonstrated financial need and client eligibility, and administer their own student financial assistance programs. Quebec, Nunavut and the Northwest Territories do not participate in the CSLP, but receive alternative payments from the Government of Canada to operate their own student financial assistance programs.

The Government of Canada has been working with participating provinces and territory to integrate the administration of the program and provide a one-student, one-loan approach. The CSLP has signed integration agreements with four provinces – Ontario and Saskatchewan in 2001,

Newfoundland and Labrador in 2004, and New Brunswick in 2005 – accounting for over 64% of CSLP borrowers.

The CSLP co-chairs the Intergovernmental Consultative Committee on Student Financial Assistance (ICCSFA). ICCSFA is a federal/provincial/territorial forum that pursues ongoing consultations on policy and program development. It is composed of representatives from the federal, provincial and territorial departments responsible for student financial assistance, who meet at least twice a year to discuss basic administrative criteria and co-ordinate their respective programs and policies. In addition, ICCSFA establishes federal/provincial/territorial working groups to deal with specific issues pertaining to student financial assistance.

### Service Providers

In addition to working with provinces and territories, the CSLP works with two service providers, one for public post-secondary institutions and the other for private post-secondary institutions, who manage borrower accounts on behalf of the CSLP. These service providers operate under the name of the National Student Loans Service Centre (NSLSC). The NSLSC is the main point of contact for borrowers in managing their loans, and serves borrowers through different phases of the loan cycle; from loan disbursement to repayment and debt management. As of 2005, CSLP launched a Service Provider Reprocurement process in order to have one national Service Provider provide these services to all students.

### Other Stakeholders

Working groups have been created in an effort to constantly improve service to borrowers. One of the main ways that the CSLP consults with

16. As a result of enhancements to the 2004 Budget, the weekly loan limit was increased from \$165 to \$210 on August 1, 2005.



stakeholder groups is through the National Advisory Group on Student Financial Assistance (NAGSFA), which gives student associations, educational organizations and student financial aid administrators a way to let government know their views on the policies and practices related to federal student financial assistance. NAGSFA typically meets twice a year to discuss specific issues and to provide input on policy development and program delivery.

## 2.4 EXTERNAL FACTORS INFLUENCING PERFORMANCE

The CSLP operates in the larger context of the Canadian economic, political and social environment. Many factors can affect both post-secondary enrollment and the delivery of the CSLP.

### Socio-Economic and Demographic Factors

The economy influences the need for student financial assistance and the decision to either enrol in a post-secondary institution or enter the labour force. In a weak economy, students may extend the duration of their studies if jobs are scarce, however, in a thriving economy, students may be more willing to enter the labour market due to the availability of jobs with good salaries.

The location, cost and availability of programs is another factor affecting access to post-secondary education. For instance, those living in rural areas may need to move to attend a post-secondary institution due to the lack of choice in their area. The cost of moving to attend school is a factor in whether a student pursues studies. Other external factors include inflation, tuition fees, as well as the

cost of borrowing for both students and the Government.

The 2006 *Actuarial Report*, which includes forecasting demographic projections of the CSLP based on the above, projects that over the next 10 years the population aged 18-34 enrolled full-time in post-secondary education will decrease while the loan uptake rate is expected to increase.<sup>17</sup>

As well, a variety of family background factors – family income, parents' education and family structure – all have an impact on a person choosing or not choosing to pursue post-secondary education.<sup>18</sup>

## 2.5 OTHER GOVERNMENT STUDENT FINANCIAL ASSISTANCE MEASURES

Providing financial assistance to those who want to pursue post-secondary education is the joint responsibility of governments, students and students' families. The CSLP is the largest program offering student financial assistance to Canadians, but it is only one program among many federal, provincial and territorial programs that encourage and support Canadians in pursuing post-secondary education.

### Other Human Resources and Social Development (HRSDC) Programs

- The Canada Education Savings Grant (CESG) encourages Canadians to save for their children's post-secondary education by awarding grants to beneficiaries of Registered Education Savings Plans (RESPs). Enhancements this year increase the grant-matching rates on investments in RESPs

17. Office of the Chief Actuary, *Actuarial Report of the Canada Student Loans Program* as at 31 July 2006, [www.osfi-bsif.gc.ca/app/DocRepository/1/eng/reports/oca/cslp06\\_e.pdf](http://www.osfi-bsif.gc.ca/app/DocRepository/1/eng/reports/oca/cslp06_e.pdf).

18. Rahman, A.; Situ, J.; and Jimmo, V., *Participation in Postsecondary Education: Evidence from the Survey of Labour and Income Dynamics*, Statistics Canada, October 2005, Catalogue no. 81-595-MIE — No. 036.



## Canada Millennium Scholarship Foundation

On June 18, 1998, the Canada Millennium Scholarship Foundation was created as an independent body to manage a \$2.5 billion endowment from the Government of Canada and to grant Canada Millennium Scholarships. The Foundation's Funding Agreement was signed on July 3, 1998, by a representative of the Foundation and by both the Ministers of Finance and Human Resources Development.

Its objectives are to improve access to post-secondary education for all Canadians, especially those facing economic or social barriers, to encourage a high level of student achievement and engagement in Canadian society, and to build a national alliance of organizations and individuals around a shared post-secondary agenda. These areas of granting scholarships to students who demonstrate achievement, and building a national alliance of organizations and individuals distinguishes the Foundation from the CSLP, which provides funding based only on assessed financial need. The CSLP and the Foundation jointly conduct research on areas related to both their mandates.

Millennium bursaries either reduce the recipient's student debt or address their unmet need, according to the agreement in place with each provincial or territorial government, who distribute the bursary. Millennium access bursaries are targeted at students from groups that are traditionally under-represented in post-secondary education, including First Nations, Inuit and Métis, students from low-income families, and others whose parents have not attended post-secondary education.

The Foundation provides a range of bursaries, awards and scholarships. Since its inception, the Foundation has distributed more than 800,000 bursaries, worth a total value of more than \$2.4 billion in funding, to students across Canada.

for children of low-and middle-income families. In the 2005-2006 year, 166,855 individuals withdrew funds from their RESP in order to attend a post-secondary education institution that year.

- The Canada Learning Bond was introduced for low-income families in 2005-2006. It provides a grant to low-income families to encourage saving for their children's post-secondary education.
- The Employment Insurance Program refers some individuals on employment insurance to courses or training programs, or any other employment activities to facilitate their

return to the labour market and provides income support during that period. This service is either co-managed with the provinces and territories, or provided by the provinces and territories through federal transfer payments.

### Other Federal Government Programs

- Indian and Northern Affairs Canada (INAC) assists post-secondary Aboriginal and Inuit students with the costs of tuition, books and travel, and provides living allowances, through the Post-Secondary Student Support Program (PSSSP) and the University College Entrance Preparation Program (UCEPP). Post-secondary institutions also receive

support through the Indian Studies Support Program (ISSP) to develop and deliver special programs for Aboriginal people.

- Tax relief is available to all individuals with federal and provincial or territorial loans, through a federal tax credit on the annual interest portion of their student loan payments.
- The Education Tax Credit provides up to \$400 per month for full-time students and \$120 per month for part-time students to help offset education expenses. These changes provide tax relief to more than 65,000 Canadians who are upgrading their skills and give them access to the same tax benefits available to other post-secondary students.
- The Official Languages in Education Program provides provinces and territories with financial assistance for minority-language education and for second-language instruction.
- Industry Canada offers scholarships and fellowships under the Natural Sciences and Engineering Research Council of Canada (NSERC) and the Social Sciences and Humanities Research Council of Canada (SSHRC).
- The Canada Social Transfer (CST) is a federal block transfer of funds to provinces and territories in support of post-secondary education, social assistance and social services.

### Provincial/Territorial and Other Funding

Provincial and territorial governments also offer loans, grants, scholarships and debt management programs to support access to post-secondary education, in addition to administering Canada Student Loans to borrowers for the nine provincial and territorial partners. Students may also apply for scholarships and bursaries from private institutions, and apply for loans from financial institutions.

### 3. POST-SECONDARY EDUCATION ENHANCEMENTS IN THE 2005-2006 LOAN YEAR

#### 3.1 BUDGET CHANGES

**Impacts from the 2004 Federal Budget**  
The 2004 Federal Budget introduced changes to the Canada Student Loans Program (CSLP) to better reflect the actual costs of post-secondary education in Canada. These changes came into effect on August 1, 2005, and therefore had an impact on students this loan year.

- **Increased Weekly Loan Limits:** The federal loan limit was increased from \$165 to \$210 per week of study to provide additional funding to both full-time and part-time students. This increase better responds to the rising cost of post-secondary education by further decreasing the unfunded needs of students and reducing the reliance on private borrowing. As a result, the percentage of students at the loan limit decreased from 50% in 2004-05 to 34% in 2005-06.<sup>19</sup>
  - **Reduced Parental Contributions:** More students from middle-income families are now eligible for Canada Student Loans as the amount their parents are expected to contribute was reduced.
  - **Computer Costs:** Computer costs are now included as part of eligible costs for books and supplies.
  - **A new Canada Access Grant for Students from Low-Income Families:** This new grant assists first-time, first-year students from low-income families. It covers one half of tuition costs, up to a maximum of \$3,000.
- The grant is intended for students whose parental income falls within the range of entitlement to the National Child Benefit Supplement.
- **A new Canada Access Grant for Students with Permanent Disabilities:** This grant provides eligible full- and part-time students with a grant of up to \$2,000 to reduce barriers associated with disabilities. This grant replaces the existing Canada Study Grant for High-Need Students with Permanent Disabilities that was only available to students with disabilities whose financial need exceeded the weekly loan limit.
  - **Improvements to Debt Management Measures:** To help borrowers better manage their debt, maximum income allowed for a borrower to be eligible for the Interest Relief program was increased by 5% and the maximum amount available for the Debt Reduction in Repayment program was increased from \$20,000 to \$26,000.
  - **Increase in Administrative Fees to Participating Jurisdictions:** This increase is aimed at compensating provinces/territories for a portion of the costs associated with the administration of certain aspects of the CSLP, such as the needs assessment process. In the 2005-2006 loan year, administration fees totalled \$13.9 million, a \$4.5 million increase from the previous year.

19. Office of the Chief Actuary, Actuarial Report of the Canada Student Loans Program as on 31 July 2006, [www.osfi-bsif.gc.ca/app/DocRepository/1/eng/reports/oca/cslp06\\_e.pdf](http://www.osfi-bsif.gc.ca/app/DocRepository/1/eng/reports/oca/cslp06_e.pdf)

### Impacts from the 2005 Federal Budget

- Eligibility for loan forgiveness was extended for Canada Student Loans in the unfortunate event that a borrower dies or becomes permanently disabled during the period of repayment. Effective August 1, 2005, the *Canada Student Financial Assistance Act* was amended to provide equitable and compassionate treatment for all Canada Student Loan borrowers who received a loan under the direct loan regime, regardless of when the borrower's disability or death occurred. Previously, borrowers with direct loans could receive loan forgiveness due to a permanent disability or in the event of their death, only if the disability occurred prior to the beginning of the seventh month after the borrower finished school.
- The legislation for the Canada Millennium Scholarship Foundation was amended to allow protected persons, including convention refugees, to be eligible to receive scholarships and bursaries awarded by the Foundation. This amendment ensured that the eligibility criteria for Canada Millennium Scholarships were consistent with those of the CSLP.

### The 2006 Federal Budget

- Budget 2006 provided \$370 million in new investments over the subsequent two years to help foster excellence and accessibility in post-secondary education. As part of Budget commitments to work towards resolving the fiscal balance with provincial and territorial governments, additional funding of up to \$1 billion to provinces and territories was confirmed to support investments to promote innovation and accessibility in post-secondary education. The Minister of HRSDC was also asked to consult with the provinces and territories on objectives, roles and accountability for post-secondary education and training.

In addition, the Government of Canada committed to helping students in their pursuit of post-secondary education by reducing financial barriers through increased direct supports to students and their families including:

- The expansion of eligibility for Canada Student Loans: The minimum income threshold at which parental contributions would be expected will shift upwards by an average of 17%. This will permit more students from middle-to higher-income families (\$65,000 to \$140,000 range) to access Canada Student Loans. This will take effect August 2007; the impacts will therefore not be covered in this Annual Report.
- The creation of a new tax credit for textbooks that will provide a tax reduction of \$65 per month for full-time post-secondary students and \$20 per month for part-time students.
- The elimination of the current \$3,000 limit on the amount of scholarship, bursary and fellowship income a post-secondary student can receive without paying federal income tax.

## 3.2 PROGRAM CHANGES IN THE 2005-2006 LOAN YEAR

### Service Provider Reprocurement Process

Two service providers currently provide most day-to-day services for Canada Student Loan borrowers. CSLP determined that having one service provider for all borrowers will streamline the processes for students and result in more efficient program administration. In 2005-2006, the CSLP initiated a process to secure a new service provider contract, which included developing a request for proposal and a service provider reprocurement transition team specialized in this matter.



### Canada Revenue Agency

Effective August 2005, the responsibility and accountability for the collection of Human Resources and Skills Development debts, including defaulted student loans, were transferred to Canada Revenue Agency (CRA). The rationale for this integrated collections initiative was to provide more efficient and streamlined service delivery by eliminating the need to replicate investment and expertise in multiple departments.

In the 2005-2006 loan year, CSLP also launched the CRA Income Validation Project to negotiate, develop and implement agreements between CRA and participating jurisdictions. These agreements will allow data to be exchanged electronically in order to validate the income information provided by applicants.



PART II  
**PROGRAM  
ACTIVITIES**

## 4. BEFORE POST-SECONDARY EDUCATION

### 4.1 AWARENESS OF CSLP AND CANLEARN

In order for Canadians to fully access post-secondary education, they must be aware of the programs and services available to assist them in paying for their education. The Canada Student Loans Program (CSLP) helps improve Canadians' awareness of the costs and benefits of post-secondary education, and the financing options available to students, through CanLearn and provincial partners' Web sites. It also improves the awareness of CSLP targeted grants for students who traditionally have faced barriers accessing post-secondary education. Please see Chapter 7 for discussion on program results related to awareness.

#### CanLearn

To increase awareness of the CSLP and to fulfill a commitment to service excellence, the Program strives to make the best use of information technologies and on line services. A central element of this commitment is the CanLearn Web site ([www.canlearn.ca](http://www.canlearn.ca)), an on line source for information and services about post-secondary education. This site provides Canadians at key transition points with integrated client-centric services and information that help individuals to save, plan and pay for post-secondary education. It is through this mandate that CanLearn provides:

- The necessary resources (from interactive planning tools to information about savings programs, student loans and scholarships) to Canadians facing important decisions when saving for, selecting and financing their post-secondary education.

- Provincial and territorial governments, learning institutions and other organizations with opportunity to collaborate on the provision of information and planning tools for Canadians.

CanLearn also links to the National Student Loan Service Centre (NSLSC) Web site, which allows students to check the status of their loan, and shows how to contact NSLSC in person.

### 4.2. ACCESS TO POST-SECONDARY EDUCATION

The CSLP provides access to post-secondary education for students with demonstrated financial need. This is realized through two methods by the needs assessment process that determines eligibility for Canada Student Loans and grants,<sup>20</sup> and by developing policies and programs that target specific groups of the population that traditionally have barriers to accessing post-secondary education. The section on CSLP enhancements in Chapter 3 provides details on how recent Budget announcements and program changes have further benefited students.

20. See the Office of the Chief Actuary, Actuarial Report of the Canada Student Loans Program as at 31 July 2006, for a description of the financial analysis to determine the needs assessment process.



## Getting the Message Out

**The Student Ambassadors Outreach Pilot Project** was launched in May 2006 as a partnership between The Canada Student Loans Program (CSLP) and Service Canada Centres for Youth (SCC-Y) located in Nova Scotia. By using the knowledge of Nova Scotia summer student employees, the project developed a new, dynamic way to engage and build relationships with high school students during pivotal decision-making periods about post-secondary education.

In February of 2005, 90 Nova Scotia regional employees were provided with three days of training on the Program, its policies and processes. Following the training, these front-end staff members were able to provide CSLP information when inquiries were received in the Nova Scotia Human Resources Centres of Canada (now called Service Canada Centres). The training was expanded in 2006 so that employees could present Program information to potential student loan borrowers on the long term benefits of investing in and planning for post-secondary education, the CanLearn Web site and the various options for paying for post-secondary studies. By the time the pilot project ended in July 2006, an estimated 4,315 Nova Scotia students had been reached.

**The CSLP Exhibit Program** travels to a variety of events across the country to distribute various CSLP publications, help fair attendees navigate the CanLearn Web site and answer questions on student financial assistance. Between August 2005 and July 2006, CSLP attended 14 events in six provinces, including education and career fairs, stakeholder conferences and high school information fairs.

**The Pan-Canadian Communications Campaign** is a five-year social marketing initiative developed by the federal government in partnership with the provincial and territorial governments. The main objectives are to increase families' planning and saving for their children's post-secondary education (PSE) and to increase awareness of the range of options for financing PSE.

In late 2005, the multimedia campaign was developed and the radio concept received good reviews from focus testing. As no new Government of Canada advertising could be run before a federal election, year one of the Pan-Canadian Communications Campaign was shortened to March 3-31, 2006. The media mix included magazine, newspaper, radio and static cable television advertisements, Web banners, and posters. The advertisements directed their audience to the CanLearn Web site and 1 800 O-Canada for more information.

## Needs Assessment Process

The Canada Student Loans Program is based on the premise that post-secondary education is the shared responsibility of the student, the student's family and the government. As such, funding provided by the CSLP is intended to complement the other resources available to the student.

The CSLP is delivered in partnership with participating provinces and territory, which are responsible for assessing students' financial needs and determining their eligibility for federal assistance based on CSLP guidelines while at the same time assessing eligibility for provincial financial assistance. The student's provincial or territorial student assistance office reviews the student loan application to assess their financial resources and needs against program eligibility criteria.

The needs assessment process is based on financial need, rather than being income-based. To determine the student loan amount to be awarded, a student's resources (such as assets, spousal contributions and parental contributions) are assessed against the student's costs (which include tuition, books, supplies, living allowances, transportation and daycare expenses for children). The cost of post-secondary education is also directly related to the student's choice in post-secondary institution, the program of study and associated tuition fees, as well as the cost of living away from home. See **Chapter 5** for the demographic profile of borrowers and grant recipients, as well as the distribution of financial assistance measures.

### 4.2.1. Simplifying the Loan Application Process

As Canada Student Loan borrowers are often in the 18-25 age group and are first-time loan borrowers, the CSLP strives to make the application process easier for borrowers to understand.

#### Integration Agreements

One method that simplifies the loan management process is the integration of the administration of federal and provincial loans. Integrated loan delivery allows first time borrowers to benefit from one application, one needs assessment, one loan certificate and loan agreement form, and common repayment assistance measures. As a result, these borrowers have a student debt administered by one organization and make a single payment when

repaying their integrated student loans, streamlining and simplifying the loan process for student borrowers.

#### 2005-2006 Achievements

As a means of simplifying the documentary requirements for borrowers, new combined Certificate of Eligibility and Student Loan Agreement forms were created for Canada Student Loans and integrated student loans. Also, Alberta, in collaboration with CSLP, implemented Electronic Confirmation of Enrolment for loan documents in August 2005 to streamline confirmation of students' full-time enrolment. This electronic process is similar to that being done, in full or in part, by other participating jurisdictions.

## 5. DURING POST-SECONDARY EDUCATION

### 5.1. IN-STUDY LOANS

Forty percent (40%) of the Canada Student Loan Program (CSLP) portfolio is held by borrowers in-study<sup>21</sup>, for a total amount of approximately \$4.4 billion, while the remaining 60% is held by borrowers in repayment. Of these in-study loans, guaranteed loans accounted for 0.6%, 6.0% were in the risk-shared regime, and 93.4% belonged to the direct loans regime as of March 31, 2006. See **Appendix A** for further detail.

### 5.2. DEMOGRAPHIC PROFILE OF CANADA STUDENT LOAN BORROWERS

The marital status, age, gender, study level, institution choice, and where students go to study, all provide insight about students receiving Canada Student Loans. Monitoring these changes in borrower demographics allows the CSLP to respond more effectively to the borrower population by helping improve service delivery, facilitate access to post-secondary education and contribute to improved repayment of loans.

The following provides the general demographics of Canada Student Loan borrowers in the 2005-2006 loan year. Further reference tables for full-time borrowers, and those for part-time borrowers, can be found in the appendix section. As in the previous loan year, more borrowers were: women than men, single than married, under the age of 25 than in other age groups, enrolled in undergraduate university programs than in non-degree or post-graduate programs, and studying in Ontario than elsewhere.

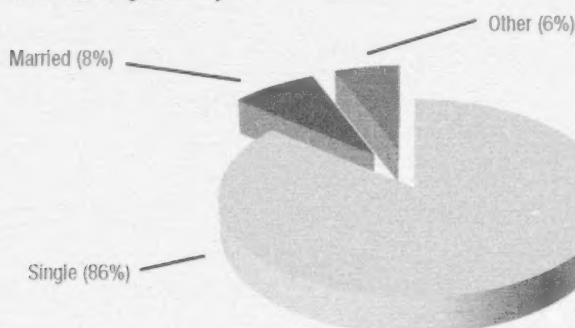
#### 5.2.1. BORROWERS BY MARITAL STATUS

The vast majority of the borrower population were single; 86% of full-time borrowers (**Graph 2**), and 70% of part-time borrowers. Eight percent (8%) of full-time and 17% of part-time borrowers were married,<sup>22</sup> while 6% full-time and 13% part-time were neither single nor married.<sup>23</sup>

Full-time borrowers in the other category had the highest average loan (\$7,013), an increase of 25% from the previous year. In general, part-time borrowers had a much lower average loan than full-time borrowers, and part-time borrowers who were married had the highest average loan (\$1,921). See **Appendix B** for further details.

**Graph 2 – Marital Status of Full-Time Borrowers**

Loan Year: August 1-July 31



21. "In-study" refers to borrowers who are still attending a post-secondary institution or are within six months of finishing school (grace period).

22. The married category includes those who are common-law.

23. The other category represents students who were separated, divorced, widowed or those who gave no response to this question.



### 5.2.2. BORROWERS BY AGE

In the 2005-2006 loan year, there were modest changes in the number of full-time in-study borrowers in most age categories, though there was a slight increase in the lower age categories, especially 21 and under, than in the previous loan year. Of full-time borrowers, 47.9% were 21 and under, and 29.8% were between the ages of 22 and 25. Only 10.3% were between the ages of 26 and 29, and those 30 and over accounted for 12.1%. Unlike full-time borrowers, 37.1% of part-time borrowers were aged 30 and over.

The average loan amount for full-time borrowers increased with age. Full-time borrowers 30 years old and over had an average loan of \$6,730, while those 21 and under had an average loan of \$4,915. While all age categories saw an average increase in their loan amount since the previous year, the percentage increase also increased with age. The average loan from borrowers under 21 increased by 12.4%, while average loans from borrowers 30 and over increased by 22.1%.

This variation can be explained by several factors. Older borrowers tend to be classified as independent students, so their parents' income is not considered as a resource, while younger borrowers are more likely to be classified as dependants, so expected parental contributions could reduce the amount of their loan limit. Second, older borrowers tend to be enrolled in graduate-level studies, where tuition fees and other expenses are higher. Third, older borrowers tend to live away from home more than younger borrowers, and therefore receive higher loans to cover living expenses. Lastly, older borrowers are more likely to have children and therefore would have higher expenses and larger loans. All age categories of borrowers saw an increase in average loan amounts from the last year, which can probably be explained by the increase in

the weekly loan limit amounts that came into effect this loan year as well as increasing tuition costs.

**Appendix C** provides further detail.

### 5.2.3. BORROWERS BY GENDER

The number of women receiving full-time Canada Student Loans continued to be higher than the number of men (60% to 40% respectively). This percentage is similar to overall university attendance: 58% of university registration was from women for the 2005-2006 loan year.<sup>24</sup> Similarly, the number of women receiving part-time Canada Student Loans also exceeded the number of men receiving such loans. Of part-time borrowers, 69% were women and 31% were men. For both full-time and part-time, women continued to have a larger loan amount than men on average. **Appendix D** provides further detail.

### 5.2.4. BORROWERS BY STUDY LEVEL

Most full-time borrowers (57.4%) were enrolled in undergraduate programs, while 38.3% were enrolled in non-degree-granting programs at private institutions, colleges or universities. The remaining 4.3% of full-time borrowers were masters or doctoral students (**Graph 3**). Unlike full-time borrowers, a majority (54%) of part-time borrowers were enrolled in non-degree granting programs.

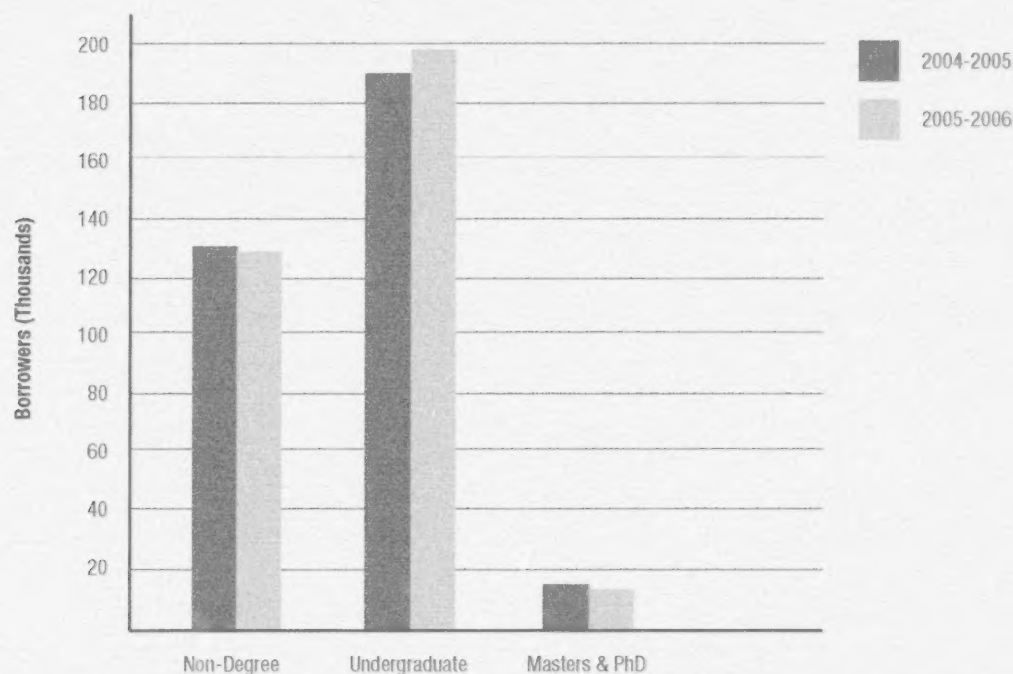
Full-time borrowers saw an increase in their average loan amounts over the previous year. The paces of increase varied according to the levels of study – from a 16.1% increase for undergraduate programs to a 20.5% increase for doctorate programs (**Appendix E**).

24. Statistics Canada, The Daily, Tuesday, November 7, 2006, [www.statcan.ca/Daily/English/061107/td061107.htm](http://www.statcan.ca/Daily/English/061107/td061107.htm).



**Graph 3 – Full-Time Borrowers by Study Level**

Loan Year: August 1-July 31



#### 5.2.5. MOBILITY: WHERE BORROWERS GO TO STUDY

One of the benefits of the CSLP is that students are able to include moving and living costs associated with changing location for post-secondary education in the needs assessment process. Canada Student Loans are portable, which gives borrowers the opportunity to study in other cities in their home province/territory, or elsewhere to attend the post-secondary institution of their choice.

Almost 9 out of 10 (88.9%) full-time borrowers remained in their home province or territory to study in the 2005-2006 loan year, while 11.2% studied outside their home province or territory. Ontario borrowers were the most likely (93.9%) to

remain in their home province or territory to study, followed by borrowers in British Columbia (87.5%). The mobility of borrowers in certain provinces and territories may be high because there are few post-secondary institutions and a limited selection of programs in those jurisdictions. As well, borrowers may prefer specific institutions outside their home province or territory. For instance, 83.5% of all Yukon borrowers studied outside the territory in 2005-2006, while borrowers from Prince Edward Island remained the second most mobile borrowers in Canada, at 39.3%.

Data shows that borrowers from the Atlantic provinces who left their home province to study tended to remain in Atlantic Canada or to study in

Ontario. Similarly, mobile borrowers in Western Canada tended to stay within Western Canada or attended post-secondary institutions in Ontario. Appendix F provides further detail on borrower mobility by province/territory, and where borrowers study when moving outside their province/territory.

Borrowers who attended university were the most mobile, with 14.2% moving outside of their home province to pursue post-secondary education, followed by private institution borrowers at 13.5%, and college borrowers at 5.1% (Table 1).

**Table 1 – Borrowers Mobility by Institution Type**  
Loan Year: August 1-July 31

Institution Type	2004-2005 Borrowers					2005-2006 Borrowers				
	Remaining in Home Prov.		Moving Outside Home Prov.		Total	Remaining in Home Prov.		Moving Outside Home Prov.		Total
	#	% Total	#	% Total		#	% Total	#	% Total	
University	162,102	85.4	27,678	14.6	189,780	169,579	85.8	27,987	14.2	197,566
College	104,852	94.8	5,707	5.2	110,559	103,826	94.9	5,571	5.1	109,397
Private	32,480	87.2	4,779	12.8	37,259	32,029	86.5	4,991	13.5	37,020
Total*	299,434	88.7	38,164	11.3	337,256	305,434	88.9	38,549	11.2	343,638

\* Note: Overall number of borrowers for institutions are slightly greater than total numbers as borrowers may have taken loans from more than one institution type.

### 5.3 CANADA STUDENT LOAN DISBURSEMENTS

Full-time student loans are interest-free while a borrower is in school, which allows students to concentrate on their studies without the immediate burden of repayment. The Government of Canada pays the interest on full-time loans, subject to lifetime limits of interest-free periods prescribed by legislation.<sup>24</sup> In the 2005-2006 loan year, approximately 454,000 borrowers<sup>25</sup> received in-study interest subsidies, whereby the Government of Canada provided interest subsidies totalling \$171 million. Part-time borrowers also have access to loans to access post-secondary education. They must

make payments on the interest of their loan while in-study, but do not need to make payments on the principal of their loan until they finish school.

#### 5.3.1. FULL-TIME LOANS

The CSLP assisted approximately 40.3% of all full-time students who attended post-secondary institutions in 2005-2006; of the 853,000 post-secondary students<sup>27</sup> in participating Canada Student Loan provinces and territories this year, the CSLP provided loans to 343,638 full-time students for a total of \$1.9 billion. This is an increase of 6,382 borrowers, or 1.9% increase of total CSLP borrowers, and of \$306.2 million in loan disbursements since the 2004-2005 loan year.

25. Full-time borrowers can receive Canada Student Loans and in-study interest subsidies up to a lifetime limit of 340 weeks (after August 1, 1995). Borrowers who reach the lifetime limit while still in school are required to begin repaying their Canada Student Loan.

26. This number includes the 343,638 full-time borrowers who received a loan in the 2005-2006 loan year, as well as other full-time students who received an interest subsidy for loans from previous years.

27. Office of the Chief Actuary, Actuarial Report of the Canada Student Loans Program as at 31 July 2006.

In addition, the average loan amount increased by \$802 or by 16.6% since the previous loan year (Table 2). The major increase in the average loan amount this year can be partly attributed to the increase in the weekly loan limit from \$165 to \$210

that came into effect this loan year. The weekly loan limit was increased to better respond to the rising cost of post-secondary education to help meet the unfunded needs of students and reducing the reliance on private borrowing.

**Table 2 – Canada Student Loan Disbursements**  
Loan Year: August 1-July 31

Status	2004-2005			2005-2006		
	No. of Borrowers	Value of Loans (\$ Millions)	Average (\$)	No. of Borrowers	Value of Loans (\$ Millions)	Average (\$)
Full-Time	337,256	1,628.8	4,829	343,638	1,935.0	5,631
Part-Time	2,572	4.6	1,798	2,127	3.8	1,795
<b>Total</b>	<b>339,828</b>	<b>1,633.4</b>	<b>N/A</b>	<b>345,765</b>	<b>1,938.9</b>	<b>N/A</b>

**Full-Time Loans by Province or Territory**  
Over half of all Canada Student Loan borrowers (53.0%) were from Ontario in the 2005-2006 loan year, while British Columbia had the second highest number of borrowers (16.4%). Manitoba, Ontario and New Brunswick all had increases in the number of borrowers, while the rest of the participating jurisdictions saw decreases. Newfoundland and Labrador continued to have the most significant decrease (7.3%) in the number of borrowers since 2004-2005.

Prince Edward Island had the most significant increase in the average loan amount for the past year with an increase of \$1280 or 24.3%. However, borrowers from Nova Scotia continued to have the highest average loan amount (\$6,739), while borrowers in Newfoundland and Labrador borrowed the least (\$5,110) (Table 3).

**Table 3 – Full-Time Loans by Province/Territory**  
Loan Year: August 1-July 31

Prov./Territory	2004-2005			2005-2006		
	No. of Borrowers	Value of Loans (\$ Millions)	Average (\$)	No. of Borrowers	Value of Loans (\$ Millions)	Average (\$)
NL	10,395	46.5	4,476	9,640	49.3	5,110
PE	3,280	17.3	5,261	3,239	21.2	6,541
NS	16,044	88.8	5,536	15,895	107.1	6,739
NB	15,434	80.0	5,184	15,918	88.8	5,576
ON	167,354	768.9	4,594	182,016	971.2	5,336
MB	9,180	41.5	4,518	9,305	48.7	5,238
SK	14,132	71.3	5,043	13,245	80.8	6,102
AB	41,422	198.9	4,801	37,844	215.0	5,682
BC	59,764	314.4	5,261	56,306	351.5	6,242
YT	251	1.2	4,944	230	1.4	6,119
<b>Total</b>	<b>337,256</b>	<b>1,628.8</b>	<b>4,829</b>	<b>343,638</b>	<b>1,935.0</b>	<b>5,631</b>

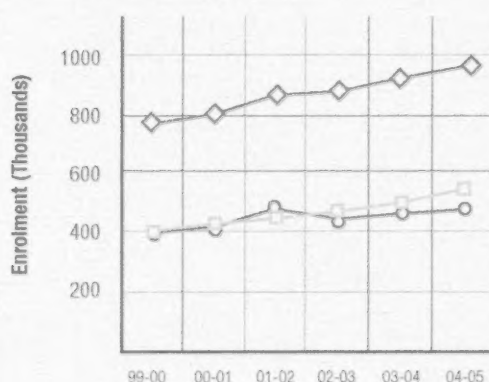
## Relationship between Enrolment in Post-Secondary Education and the Number of Canada Student Loans Borrowers

Enrolment in universities and colleges increased substantially since the start of this decade – an increase of approximately 187 thousand students between the 1999-2000 and 2004-2005 academic years. However, the number of students taking out Canada Student Loans (CSL uptake rate) remained rather stable across Canada, as seen from the two graphs below. The data does show, however, that trends in the number of students enrolling in college and universities, and CSL uptake rates differ geographically.

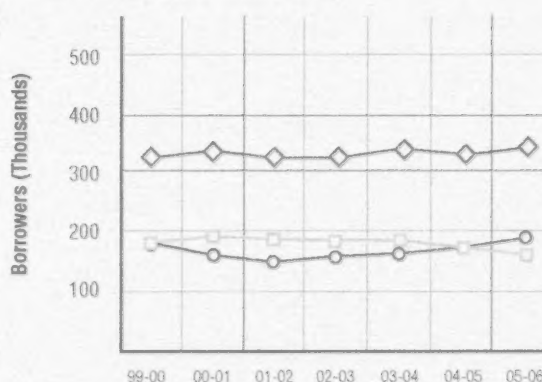
Enrolment in universities and colleges increased faster in Ontario than in the other Canada Student Loan Program (CSLP)-participating jurisdictions since 2002-2003. For Ontario the annual increases were 5%, 6% and 8% in 2002-2003, 2003-2004, and 2004-2005 academic years respectively. This can be partly attributed to the carry-over impact from Ontario's double cohort. For the other participating jurisdictions, enrolment declined 3% in 2002-2003 and increased by only 5% and 1% in the next two academic years.

Trends in the CSL uptake rate for Ontario were opposite to the trends for the other jurisdictions. For Ontario, the CSL uptake rate decreased before 2002-2003, and then increased by 2%, 8%, 5% and 9% in the subsequent four years. Unlike Ontario, the number of CSL borrowers in the other participating jurisdictions experienced a slight decline, around 1% annually from 2001-2002 until 2003-2004, followed by a noticeable decrease of 6% in 2004-2005 and another 5% decrease in 2005-2006. The drop in CSL uptake in jurisdictions outside of Ontario could be a result of various factors, including different demographic trends across jurisdictions and students relying more on other financial sources.

University and College Enrolment




Canada Student Loan Borrowers



Ontario 

Other Jurisdictions 

Total 

**Sources:** Enrolment estimates used the Community College Student Information System (CCSIS) for 1999-2000, Postsecondary Student Information System (PSIS) for the period from 1999-2000 to 2004-2005, and the Labour Force Surveys (November surveys, 1999-2005) from Statistics Canada. Estimates of CSL borrowers were based on CSLP administrative data.

In 2002-2003, two cohorts of students graduated from Ontario secondary schools at the same time because of the elimination of Grade 13 Ontario Academic Courses from the Ontario curriculum.



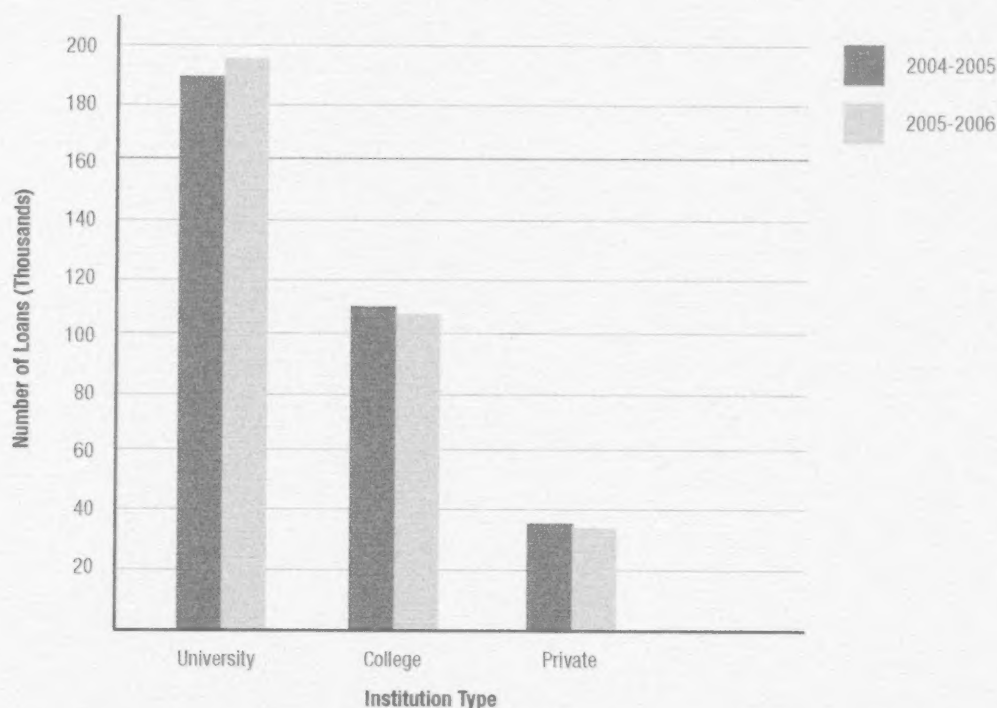
### Full-Time Loans by Institution Type

The proportion of full-time borrowers attending university increased slightly by 1.2% to 57.5% since the 2004-2005 loan year, while borrowers attending college and private institutions dropped slightly. Borrowers from college represented 31.8%

of the overall total, while borrowers from private institutions represented 10.7% respectively (Graph 4). Private institution borrowers continued to have the highest average loan (\$6,934), while borrowers from college had the lowest at \$5,132 (Appendix G).

**GRAPH 4 – Number of Full-Time Loans Disbursed by Institution Type**

Loan Year: August 1-July 31



### 5.3.2. PART-TIME LOANS

In 2005-2006, \$3.8 million was disbursed to part-time borrowers, who accounted for less than 1% of the total borrower population. The number of part-time borrowers continued to decrease overall, with 445 less borrowers than the 2004-2005 loan year. In contrast to full-time borrowers, part-time borrowers received an average loan of \$1,795, which remained constant since the previous loan

year. This loan amount may be partly attributed to three factors – that assistance for part-time students is up to a cumulative amount of \$4000 total assistance; that part-time borrowers are required to pay interest payments while in school; and that part-time borrowers are eligible for Canada Study Grants for High-Need Part-Time Students, all which could reduce their loan amount.

**Part-Time Loans by Province or Territory**  
Alberta continued to have the highest percentage of all part-time borrowers at 30.6% in the 2005-2006 loan year, followed by Ontario at 29.5%. On average, part-time borrowers from British Columbia and Prince Edward Island borrowed the most (\$2,195 and \$2,189 respectively) in 2005-2006, compared to the national part-time loan average of \$1,795 (Appendix H).

#### Part-Time Loans by Institution Type

In the 2005-2006 loan year, nearly half (48.9%) of all part-time borrowers attended university, 40.5% attended college and 10.6% attended a private institution, similar to last year.

The average value of loans differs greatly between institution types. Part-time borrowers who attended private institutions in the 2005-2006 loan year borrowed the most, at an average of \$3,064, and double the amount of college borrowers (\$1,533).

Part-time university borrowers had an average loan of \$1,736. The averages per institution level are similar to last year (Appendix H).

## 5.4. CANADA STUDENT LOANS PROGRAM GRANT DISBURSEMENTS

The Government of Canada provides Canada Access Grants (CAGs) and Canada Study Grants (CSGs) to students to increase the participation of under-represented groups in post-secondary education. According to a 2006 survey of youth from the ages of 17 to 30, if a Government Study Grant (which includes both federal and provincial grants) had not been granted this year, 13% of Government Student Loan borrowers would not have been students this year, and 13% would not have pursued any post-secondary studies at all.<sup>28</sup>

**Table 4 – Canada Study Grants Awarded, 2005-2006**  
Loan Year: August 1-July 31

Prov. / Territory	Students with Dependents (Full-Time and Part-Time)		Students with Permanent Disabilities		High-Need Part-Time Students		Females Pursuing Doctoral Studies		Total	
	No. of Grants	Value (\$ Thousands)	No. of Grants	Value (\$ Thousands)	No. of Grants	Value (\$ Thousands)	No. of Grants	Value (\$ Thousands)	No. of Grants	Value (\$ Thousands)
NL	473	603.4	*	0.0	*	2.8	*	15.0	481	621.2
PE	134	172.8	67	237.9	104	106.2	*	9.0	308	526.0
NS	982	1,581.6	1,276	1,658.0	14	42.3	*	23.1	2,280	3,305.1
NB	1,126	1,615.8	136	623.1	29	32.6	20	53.8	1,311	2,325.3
ON	20,344	29,149.1	5,094	11,529.5	293	272.1	102	304.8	25,833	41,255.6
MB	1,246	1,746.0	182	648.8	47	52.5	*	20.8	1,482	2,468.0
SK	2,433	3,271.5	257	1,105.8	56	61.8	*	22.9	2,754	4,461.9
AB	4,439	6,589.4	511	1,834.2	610	498.0	14	39.1	5,574	8,960.6
BC	6,683	11,540.8	960	1,748.4	1,691	1,892.1	108	303.8	9,442	15,485.1
YT	30	47.0	*	23.2	*	0.0	*	0.0	35	70.3
Total	37,890	56,317.6	8,488	19,409.0	2,847	2,960.3	275	792.2	49,500	79,479.1

\* Notes: 1. Excludes grants that have been awarded by provincial/territorial governments or equivalent CSGs awarded by non-participating provincial/territorial governments.

2. A student may receive more than one type of grant. As such the average amount disbursed to each student cannot be calculated.

3. Number of grants lower than 10 have been suppressed.

#### 5.4.1 CANADA STUDY GRANTS

Canada Study Grants (CSGs) provide non-repayable assistance to eligible students with dependants, students with permanent disabilities, high-need part-time students and females pursuing doctoral studies. In the 2005-2006 loan year, 49,500 CSGs were granted, for a total of approximately \$79.5 million (Table 4).

##### Students with Dependants

In August 1998, this grant was introduced to help full-time and part-time students with dependants who had demonstrated financial need. Eligible full-time students may qualify for a grant of up to \$3,120, while part-time students may qualify for a grant of up to \$1,920, per loan year. Students will only be awarded this grant after the High-Need Part-Time Canada Study Grant and the maximum federal part-time loan assistance has been issued.

In the 2005-2006 loan year, 37,890 grants for Students with Dependants were issued for a total of \$56.3 million, accounting for 70.9% of the total CSG amount.

##### The Accommodation for Students with Permanent Disabilities

According to a report published by the Office for Disability Issues, while the rate at which people with disabilities complete university degrees is increasing steadily, there is still a gap compared to people without disabilities – it was estimated that in 2004, 13% of people with disabilities had attained a university degree compared to 21% of people without disabilities.<sup>29</sup>

The Canada Study Grant for the Accommodation of Students with Permanent Disabilities was created in 1995 to help offset exceptional education-related costs associated with permanent disability, and to help students with permanent

disabilities participate in post-secondary education. Full-time and part-time students with a permanent disability may qualify for a CSG for as long as they are eligible for loans, and up to \$8,000 per loan year.

In the 2005-2006 loan year, 8,488 grants for the Accommodation for Students with Permanent Disabilities were granted, for a total of \$19.4 million, accounting for 24.4% of the total CSG amount.

##### High-Need Part-Time Students

This grant became available in 1995 to assist students in part-time studies who are unable to study full-time and whose income falls below a prescribed threshold. The maximum grant available to qualifying students is \$1,200 in any given loan year to cover allowable education costs (such as expenses for tuition, books and child daycare).

In the 2005-2006 loan year, 2,847 Canada Study Grants (CSGs) for High-Need Part-Time Students were granted, for a total of \$2.9 million, accounting for 3.7% of the total CSG amount.

##### Females Pursuing Doctoral Studies

Since 1995, this grant assists female students in certain doctorate programs in which women are traditionally under-represented. The amount of grant available to qualifying students is a maximum of \$3,000 in any given loan year for up to three years of study.

In the 2005-2006 loan year, 275 Canada Study Grants (CSGs) for Females Pursuing Doctoral Studies were granted, for a total of \$0.8 million, representing 1% of the total CSG amount.

29. Office for Disability Issues, *Advancing the Inclusion of People with Disabilities 2006*, Human Resources and Social Development Canada, 2006.

### 5.4.2 CANADA ACCESS GRANTS

The Government of Canada issued two new grants in 2005-2006: the Canada Access Grant (CAG) for Students with Permanent Disabilities and the Canada Access Grant (CAG) for Students from Low-Income Families. In the 2005-2006 loan year, 31,882 CAGs were granted, for a total of \$58.9 million (Table 5).

#### Students with Permanent Disabilities

This grant is available to full-time and part-time students who are permanently disabled and who have demonstrated financial need to assist in covering the costs of accommodation, tuition, books, and other education-related expenses up to \$2,000 per loan year. It replaces the Canada Study Grant for high-need students with permanent disabilities, which was only accessible to students with a

maximum amount of loans. The new grant extends the benefit to students who were not at the loan limit. In 2005-2006 loan year, 9,794 grants for Students with Permanent Disabilities were granted, for a total value of \$18.8 million. Compared to 2004-2005, 6,880 more grants were granted to students with permanent disabilities, mainly because of the expanded coverage of this CAG.

#### Students from Low-Income Families

This grant is available to first-time students enrolled in their first year at any designated post-secondary educational institution, in at least a two-year program that leads to a certificate, diploma or degree. It will cover one half of tuition costs, up to a maximum of \$3,000. In the 2005-2006 loan year, 22,088 students from low-income families received this grant for a value of \$40 million.

**Table 5 – Canada Access Grants Awarded in 2005-2006**  
Loan Year: August 1-July 31

Prov. / Territory	CAG - Permanent Disability		CAG - Low Income		Total	
	No. of Grants	Value (\$ Thousands)	No. of Grants	Value (\$ Thousands)	No. of Grants	Value (\$ Thousands)
NL	93	183.6	571	771.0	664	954.6
PE	*	2.0	10	16.0	11	18.0
NS	742	1,458.2	1,018	2,487.3	1,760	3,945.5
NB	8	12.2	31	58.2	39	70.4
ON	6,338	12,188.6	15,346	26,412.6	21,684	38,601.3
MB	265	504.7	453	735.3	718	1,240.0
SK	538	1,062.2	582	1,312.9	1,120	2,375.1
AB	707	1,385.0	1,319	2,572.8	2,026	3,957.7
BC	1,097	2,027.8	2,751	5,673.4	3,848	7,701.2
YT	*	10.0	*	9.5	12	19.5
<b>Total</b>	<b>9,794</b>	<b>18,834.4</b>	<b>22,088</b>	<b>40,049.0</b>	<b>31,882</b>	<b>58,883.3</b>

- \* Notes: 1. Excludes grants that have been awarded by provincial/territorial governments or equivalent CAGs awarded by non-participating provincial/territorial governments.  
2. A student may receive more than one type of grant. As such the average amount disbursed to each student cannot be calculated.  
3. Number of grants lower than 10 have been suppressed.



Table 6 shows the breakdown by institution type. Low-income grants were awarded most frequently to students attending university, followed by college and then private institutions. Permanent Disability grants to university and college students had a similar distribution level. The low

number of students attending private institutions who received a low-income grant is consistent as most programs offered by private institutions are only one year in length and these students would not be eligible for this grant.

**Table 6 – Canada Access Grants by Institution Type**

Loan Year: August 1-July 31

Institution Type	Permanent Disability Grants		Low-Income Grants	
	No. of Grants	Value (\$ Thousands)	No. of Grants	Value (\$ Thousands)
University	4,699	9,116	12,744	27,831
College	4,577	8,694	8,607	10,142
Private	518	1,024	737	2,076
<b>Total</b>	<b>9,794</b>	<b>18,834</b>	<b>22,088</b>	<b>40,049</b>

## 6. AFTER POST-SECONDARY EDUCATION

The Canada Student Loans Program (CSLP) believes in ensuring borrowers are satisfied with the loan experience and continually monitors and seeks feedback from borrowers on programs and services. For most borrowers, it is their first experience with a loan and therefore they require additional assistance in planning for repayment and understanding the repayment process. The CSLP also understands that some borrowers have difficulty repaying their loan, and offers debt management measures to help. Borrowers can apply for Revision of Terms or Interest Relief if they are experiencing temporary financial difficulty repaying their loan, and Debt Reduction in Repayment if they are experiencing prolonged financial difficulty.

### 6.1. LOANS IN REPAYMENT

Once full-time borrowers have finished their studies, interest begins to accumulate immediately on their loan, but no payments are required for six months after they have completed school. This six-month period is called the grace period. At the seventh-month point, a full-time borrower's Canada Student Loan(s) is/are consolidated and the borrower goes into the in-repayment period.

Sixty percent (60%) of Canada Student Loans are held by borrowers in repayment, for a total amount of approximately \$6.6 billion. Of these loans in repayment, guaranteed loans only accounted for 3%, almost half are in risk-shared loans (48%), and almost half are in direct loans (49%) that were issued by the Government of Canada after 2000. See **Appendix A** for further detail.

Borrowers typically have 114 months (9.5 years) to repay their loan on a monthly basis. However, the CSLP provides flexibility on the amortization (repayment) period. Revision of Terms is a feature

that provides the borrower with the flexibility to manage their loan repayment in a way that is responsive to their situation. It can be used as a debt management measure designed to decrease monthly payments, alternatively, it can be used to increase the loan payments to allow the borrower to pay off the loan in a shorter period.

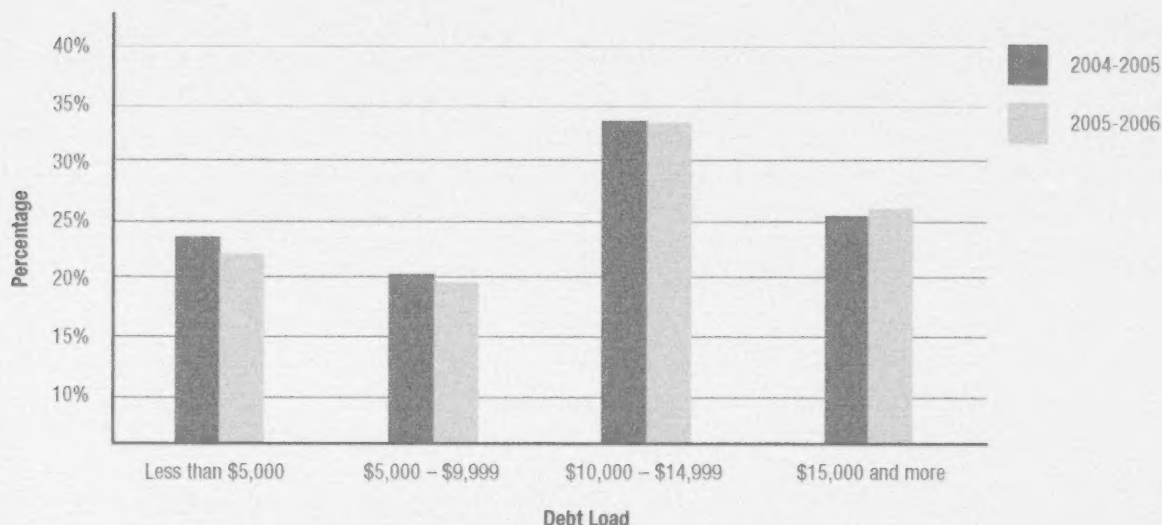
### 6.2 CANADA STUDENT LOAN INDEBTEDNESS

Canada Student Loan indebtedness refers to the amount a borrower owes the CSLP upon entering repayment. It is important to note that the amount a borrower owes reflects only the **federal** portion of a direct student loan. Borrowers are likely to also have student loans from provinces/territories and may have loans from the guaranteed or risk-shared regime.

In the 2005-2006 loan year, borrowers owed the CSLP an average of \$11,323 upon entering repayment. This was \$272 higher than the amount owed in 2004-2005. In general, borrowers from the Atlantic provinces, university borrowers, female borrowers, and borrowers in the 26-29 age category owed the most. As in 2004-2005, approximately 43% of borrowers in repayment owed the CSLP over \$10,000 in the 2005-2006 loan year, however the percentage who owed \$15,000 or more slightly increased (**Graph 5**). **Appendix I** provides further detail.

**GRAPH 5 – Canada Student Loan Indebtedness by Debt Load**

Loan Year: August 1-July 31

**Indebtedness by Province/Territory**

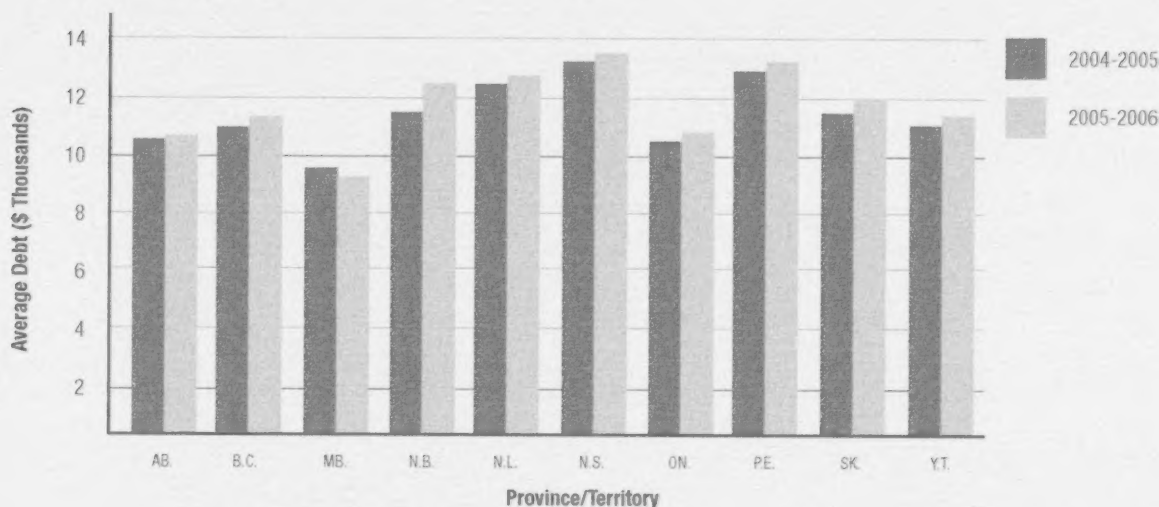
In 2005-2006, the average amount owing upon entering repayment increased in all participating provinces/territories except Manitoba. **Graph 6** shows that Manitoban borrowers owed the least (\$9,579), while Nova Scotian borrowers owed the most (\$13,702). New Brunswick and British Columbia had the largest increases in the amount owing (\$740 and \$658 respectively). Yukon had the smallest increase (\$86), and the average indebtedness dropped in Manitoba by \$176 (**Appendix I**).

**Indebtedness by Institution Type and Age**

In the 2005-2006 loan year, the overall average debt level was \$11,323 for all post-secondary institutions (**Graph 7**). Borrowers from all institutions saw an increase in indebtedness, but this was modest compared to previous years. University borrowers owed an average of \$14,708 upon entering repayment, \$3,385 higher than the overall average – it is important to note that university programs tend to be longer and more expensive than college or private institutions. The average amount owed by university borrowers increased by \$366, or 2.5%, since the 2004-2005 loan year. University borrowers 30 and older owed the most compared to other age categories (\$19,440), while college borrowers 21 and under owed the least (\$5,458).

**GRAPH 6 – Average Indebtedness by Province/Territory**

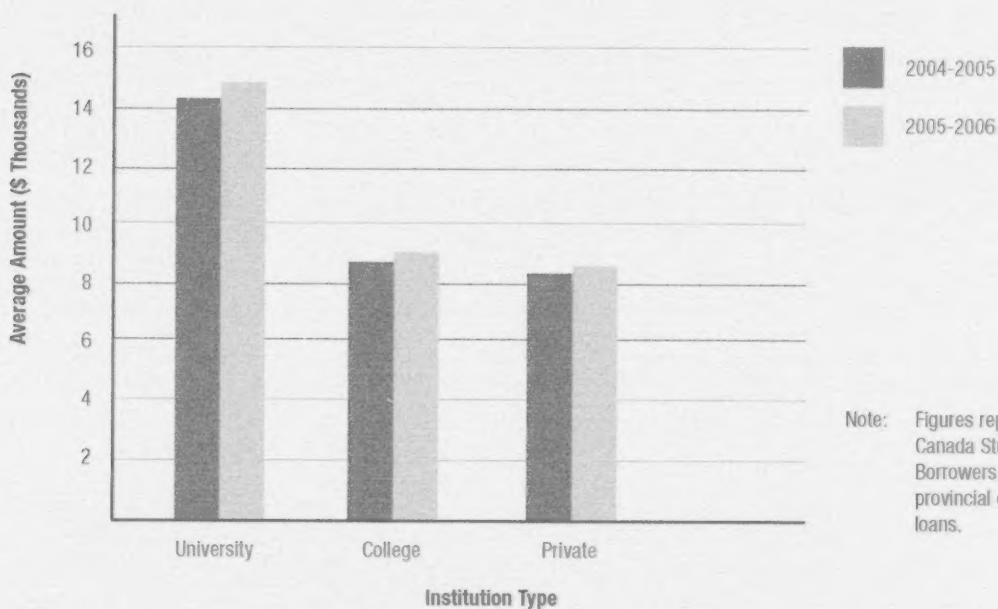
Loan Year: August 1–July 31



Note: Figures represent a borrower's Canada Student Loan only. Borrowers may also have provincial or private (bank) loans.

**GRAPH 7 – Average Indebtedness by Institution Type**

Loan Year: August 1–July 31



Note: Figures represent a borrower's Canada Student Loan only. Borrowers may also have provincial or private (bank) loans.



Borrowers who attended college owed an average of \$9,020, which was \$2,303 lower than the overall national average of all borrowers. However, college borrowers owed 2.0% more than they did in 2004-2005. Like university borrowers, college borrowers aged 30 and over owed the most in their category upon finishing school at \$11,676.

The average debt for borrowers who attended private institutions increased by 1.6% from 2004-2005, to an average loan amount of \$8,463 in 2005-2006 (**Appendix I**). Private borrowers between the ages of 26 and 29 owed the most upon entering repayment at \$9,761. Although private institution borrowers received the most per loan year while in school (\$6,934) per year, they owed the least upon entering repayment (\$8,463) compared to those from universities or colleges. This is because they stay in school for a shorter period of time, therefore cumulating lower amounts of debt, compared to borrowers who attended university.

Among all institution type and age categories, university borrowers 30 and older owed the most upon entering repayment (\$19,440), while college borrowers 21 and under owed the least at \$5,458.

### Indebtedness by Gender, Age and Institution Type

In terms of indebtedness by gender, women owed \$487 more than men on average in 2005-2006. Compared to borrowers by various age groups, borrowers between the ages of 26 and 29 had the highest average debt at \$14,217, \$2,894 more than the average for all age groups. Females who attended university owed the most (an average of \$15,009), while females who attended private institutions owed the least (an average of \$8,286). **Appendix I** provides detailed information on indebtedness.

## 6.3. DEBT MANAGEMENT MEASURES

Borrowers are considered to be in arrears if they miss their monthly payments. Borrowers who continue to miss payments for a period longer than 270 days<sup>30</sup> are considered to be in default – defaulted loans are transferred to the Canada Revenue Agency for collection. The Program strongly encourages borrowers to contact the National Student Loans Service Centre (NSLSC) if they have trouble making payments or are behind in their payments to discuss debt management measures.

The CSLP offers programs for borrowers experiencing financial difficulty repaying their loan. Borrowers can apply for Revision of Terms, and borrowers experiencing temporary financial difficulty repaying their loan can apply for Interest Relief, while those experiencing prolonged financial difficulty can apply for Debt Reduction in Repayment after exhausting Interest Relief.

However, it appears that borrowers are not fully aware of repayment assistance options that are available if they have problems repaying their loan. According to the 2006 *Client Satisfaction Survey of Canada Student Loan Borrowers*, of repayers who did not apply for Interest Relief in the past six months, 60% said they were aware that the NSLSC offered repayment assistance options if scheduled loan payments could not be made, but 40% could not name any of those options.<sup>31</sup> The CSLP is working to improve communications of debt management measures to borrowers.

30. For direct loans, a student loan is deemed to be in default when payments are in arrears for more than 270 days. For guaranteed and risk-shared loans, a student loan is deemed to be in default when payments are in arrears for 3 months or more.

31. Createc +: 2006 CSLP Client Satisfaction Survey, August 2006.

### 6.3.1 REVISION OF TERMS

Revision of Terms is a feature that provides the borrower with the flexibility to manage their loan repayment in a way that is responsive to their situation. It can be used as a debt management measure designed to decrease monthly payment amount should the borrower be unable to repay their Government Student Loans according to the terms of their repayment arrangement. Under the current student loan program, about 50% of borrowers repay their loans under the original terms, and about 25% of borrowers use revision of terms, either to increase or decrease their monthly payments, which happens in roughly equal proportion.

During the 2005-2006 loan year, 53,557 borrowers revised the terms of their loan, an increase of 12.6% from the 2004-2005 loan year.

### 6.3.2 INTEREST RELIEF

Interest Relief (IR) is a debt management measure that provides short-term relief to borrowers facing temporary financial difficulties in repaying their Canada Student Loan. Borrowers who receive IR are not required to make any interest or principal payments for periods of six months at a time on their Canada Student Loan. Interest does not

accumulate on the loan while a borrower is receiving IR as the Government of Canada pays the interest on behalf of the borrower. Borrowers may apply for up to 30 months of IR at any time during their loan repayment period. In addition, borrowers who use up the 30 months of IR may be eligible for up to 24 additional months of IR within the first five years of leaving studies. In August 2005, income thresholds used to determine eligibility for IR increased by 5%, expanding eligibility for those experiencing financial difficulty.

In 2005-2006, 102,338 borrowers benefited from IR, for a total cost to the government of \$60.5 million. The number of IR recipients continued to decline, by 5,850 recipients since the 2004-2005 loan year. Similarly, the cost of IR also continued to decrease from \$64.8 million in 2004-2005 to \$60.5 million in the 2005-2006 loan year (**Appendix J**).

### Interest Relief by Monthly Family Income

IR is designed to help borrowers if they are temporarily unable to make payments on their Canada Student Loan because of unemployment or low income. In the 2005-2006 loan year, 102,338 borrowers received IR, with an average outstanding principal of \$16,941. As the following table demonstrates, a majority of borrowers receiving

**Table 7 – Interest Relief by Monthly Family Income**  
Loan Year: August 1-July 31

Monthly Family Income (\$)	2004-2005		2005-2006	
	IR Recipient Count	Average Principal Outstanding (\$)	IR Recipient Count	Average Principal Outstanding (\$)
Less than 500	30,952	13,840	35,830	16,319
500 - 999	24,591	13,784	24,585	16,018
1,000 - 1,499	21,229	14,945	17,640	16,670
1,500 - 1,999	14,027	16,557	10,954	17,998
2,000 - 2,499	4,524	17,677	3,356	18,899
2,500 - 2,999	6,901	17,316	5,357	18,955
3,000 and Over	5,964	19,283	4,616	21,461
<b>Total</b>	<b>108,188</b>	<b>15,078</b>	<b>102,338</b>	<b>16,941</b>

IR are those with the very low monthly family income – thirty-five percent (35%) of IR recipients are from families with a monthly income of less than \$500. In addition, some borrowers with high monthly family income also qualify for IR because of their high need; they either have more people in the same family so the income per person in the family is lower, or they have a higher outstanding principal on their loan (Table 7).

#### Interest Relief Recipients by Institution Type

In the 2005-2006 loan year, 44.9% of all IR recipients had attended university (45,965), up from 41.6% last year. IR recipients who had attended college and private institutions represented 37.6% and 17.4% respectively. While the numbers of IR recipients from university and college remained fairly constant since the 2004-2005 loan year, the number from private institutions decreased noticeably by 5,200 over the same period.

#### Interest Relief Recipients by Gender

In 2005-2006, 65% of IR recipients were women, while men accounted for 35% (Appendix J). These percentages closely mirror overall CSLP borrowers; 60% of CSLP borrowers were women during this loan year.

#### Interest Relief Recipients by Province/Territory

All participating provinces and territories saw a drop in the number of borrowers who received IR in this year except Prince Edward Island, which saw a slight increase. Ontario had the highest number of borrowers receiving IR, while Yukon had the lowest; this corresponds with the overall number of borrowers from these participating jurisdictions (Appendix J).

### 6.3.3 DEBT REDUCTION IN REPAYMENT

In 1998, Debt Reduction in Repayment (DRR) was introduced to help borrowers who have exhausted Interest Relief and who continue to have exceptional financial difficulty in repaying their Canada Student Loans, and was expanded effective August 1, 2005. DRR reduces the principal of a borrower's Canada Student Loan (up to 50% of the principal for a maximum of \$10,000) and reduces monthly loan payments to an affordable level that is based on income. Two additional reductions may be provided to a borrower who is experiencing continued financial difficulty after the initial reduction; \$10,000 for the second reduction and \$6,000 for the third reduction. A minimum of 12 months must elapse between reductions before the borrower applies for the second and third reductions on the loan principal.

Between the 2003-2004 and 2004-2005 loan years, there was a marked increase of 3,077 more borrowers receiving DRR. This increase occurred because a large wave of borrowers with Guaranteed and Risk Shared Loans, who received IR after 1998, had exhausted Interest Relief (5 years) and became eligible for DRR. In the 2005-2006 loan year, the number of DRR recipients remained relatively high, with 4,311 Canada Student Loan borrowers benefiting from DRR, for a total cost to the government of \$26.7 million. (Table 8).

**Table 8 – Debt Reduction in Repayment**  
Loan Year: August 1-July 31

Loan Year	DRR Recipients	Value (\$ Millions)
2003-2004	1,952	9.9
2004-2005	5,029	36.1
2005-2006	4,311	26.7

## 6.4. LOAN FORGIVENESS

### Permanent Disability Benefit (PDB)

The Canada Student Loans Program (CSLP) allows for consideration to be given in the situation of individuals who are permanently disabled and who are experiencing financial difficulty in meeting their repayment obligations. The Permanent Disability Benefit (PDB) allows for the cancellation of repayment obligations. To be eligible, an individual must submit medical and financial documentation to support the requirements which define permanent disability under the Program's legislation.

This definition of what constitutes a permanent disability in the context of the CSLP is prescribed in the *Canada Student Financial Assistance Act and Regulations*. According to the legislation, a 'permanent disability' is described as:

*A functional limitation caused by a physical or mental impairment that restricts the ability of a person to perform the daily activities necessary to participate in studies at a post-secondary school level or the labour force and is expected to remain with the person for the person's expected life.*

In addition, it must be demonstrated that the borrower, taking into account the borrower's family income, is or will be unable to repay their student loan without exceptional hardship due to their permanent disability.

For risk-shared and direct Canada Student Loans, there was a further eligibility requirement that the borrower's permanent disability must have occurred before the loan went into repayment, which is before or during the six-month grace period. The 2005 Federal Budget announced an expansion of the CSLP Permanent Disability and Death Benefit (PDDB) by removing the time restriction for direct loans. As of June 29, 2005, the PDDB amendment allows for the forgiveness of direct loans in the event that the borrower is unable to meet their repayment obligations due to their permanent disability or death, such that the permanent disability or death can occur at any time.

In the 2005-2006 loan year 482 borrowers received loans forgiven due to Permanent Disability Benefit, for a total cost to the government of approximately

\$5.2 million. This is a 8.4% decrease of the number of borrowers from the 2004-2005 loan year (Table 9).

**Table 9 – Loans Forgiven Due to Permanent Disability Benefit**  
Loan Year: August 1-July 31

Loan Year	Number of Borrowers	Total Value of Loans Forgiven (\$)	Average Value of Loans Forgiven (\$)
2004-2005	526	6,312.7	12,001
2005-2006	482	5,182.3	10,752



PART III  
**PROGRAM  
RESULTS**

## 7. MEASURING PROGRAM RESULTS

### 7.1. REPORTING ON PROGRAM STRATEGIC OBJECTIVES

In addition to program achievements and results in the 2005-2006 loan year mentioned throughout the Annual Report to date, the Canada Student Loan Program (CSLP) follows four Strategic Objectives in day-to-day operations and planning to track medium-and longer-term outcomes as shown in the Logic Model. This helps in the monitoring and evaluation of the program, as well as in reporting results to Parliament and Canadians.<sup>32</sup>

#### CSLP's 4 Strategic Objectives:

1. Maintaining the government's commitment to accessibility
2. Increasing awareness
3. Making the loan experience a positive one
4. Ensuring performance, integrity and accountability

The following section provides indicators on each of CSLP's strategic objectives.

#### Strategic Objective 1. COMMITMENT TO ACCESSIBILITY

##### Impact of Receiving a Government Student Loan<sup>33</sup>

The CSLP promotes access to post-secondary education through the provision of financial assistance to students with demonstrated need.

The needs assessment process used to determine demonstrated need is administered by participating provinces and territories using a formula to determine financial need (see Chapter 4 for details on the need assessment formula). As such, it is difficult to obtain an accurate estimate of size of the intended target population for the program. Through surveys however, the CSLP can determine the (purported) impact of gaining access (or not) to Canada Student loans and grants on borrowers and Canadian youth.

The CSLP conducts a tracking survey of youth from the ages of 17 and 30, who have and have not enrolled in post-secondary studies.<sup>34</sup> This survey explores reasons for not pursuing post-secondary education with youth who have not enrolled, and explores financing strategies including use and perceived value of the CSLP for those who indicate that they have enrolled. The survey demonstrated that seventy-seven percent (77%) of all current Government Student Loan holders reported they would have experienced a major negative impact had they not received a Government Student Loan for their current school year. These students who would have experienced a major negative impact can be broken-down into the following:

- A total of 53% of Government Student Loan holders would not have enrolled this reporting year without a student loan (compared to 57% in the preceding year). Of these, 39% would have delayed their studies and an additional 14% would have dropped out completely had they not received a loan.

32. In addition to the Annual Report, the CSLP reports to Parliament and Canadians through the Departmental Performance Report (DPR) from Human Resources and Social Development Canada (HRSDC). The 2005-2006 DPR can be found at the following: [www.tbs-sct.gc.ca/dpr-mr/0506/HRSDC-RHDSC/HRSDC-RHDSC\\_e.asp](http://www.tbs-sct.gc.ca/dpr-mr/0506/HRSDC-RHDSC/HRSDC-RHDSC_e.asp).

33. Government Student Loans (GSL) include both participating provincial and territorial loans and federal loans.

34. Create+: Special Investment Fund - 2006 SIF Omnibus Survey, August 2006.

- Another 44% would have enrolled regardless of the receipt of a student loan. Half (48%) however would have changed their plans by reducing their course load, changing their educational institution or obtaining a job.

In addition, a total of 14% of students who applied for a loan, but did not qualify had to either (1) reduce their course load; (2) study part-time instead of full-time; or (3) change their educational institution or program of study.

### Importance of Government Student Loans to Help Fund Post-Secondary Education

Government Student Loans represented the most important source of post-secondary education funding for loan holders. Seventy-three percent (73%) of students relied extensively on Government Student Loans, and 62% stated it was their main source of funding. However, Government Student Loan borrowers relied less extensively on this source compared to the previous year.

Of the surveyed youth that were not enrolled in post-secondary institutions, 36% cited cost-related/financial barriers as a reason – not enough money, have to work to save money, concerned about debt load or ability to repay. This is a 4% increase from last year. Twelve percent (12%) of those not enrolled acknowledged lack of a Government Student Loans as their main financial barrier, which was the same percentage as last year. However, over double (26%) said their main financial barrier was fear of not being able to repay debt. Therefore, for some individuals, not receiving a Government Student Loan or fear of acquiring debt is a barrier to attending post-secondary education.

## Strategic Objective 2. INCREASED AWARENESS

### Awareness of the Canada Student Loans Program (CSLP)

In order for the CSLP to increase access to post-secondary education, Canadians must be aware of the programs and services available to assist them in paying for their education.

The same survey of youth mentioned under Strategic Objective 1 also asked respondents various questions relating to their awareness of the CSLP. The results indicated that 50% were aware of the CSLP in integrated provinces while only 48% were aware in non-integrated provinces.

### CanLearn

The CanLearn Web site ([www.canlearn.ca](http://www.canlearn.ca)) is a one-stop on line resource for information and interactive planning tools to help Canadians explore learning and education opportunities, develop learning strategies, and create financial plans to achieve their goals. Through CanLearn, the CSLP also provides current and future borrowers with tools and information to help them apply for, maintain and repay their student loans. It is an integral way for the CSLP to increase awareness of the program and the benefits of post-secondary education in general, and supports service excellence. Findings indicate that:

- A total of 43% of all borrowers had searched for information on student financial assistance within the past 12 months.
- Of the borrowers who searched for information on student financial assistance, 82% used a web-based source, including 29% who used the CanLearn/National Student Loan Service Centre Web sites and 28% who used a provincial Web site.

### Awareness of repayment options

According to the 2006 CSLP *Client Satisfaction Survey*,<sup>35</sup> three-quarters (74%) of the borrowers in repayment found repayment options clear to them at the time they entered into the repayment period. However, there was a large difference in understanding certain details of their loans. For example, most students (86%) were clear about the total amount of their loan, but only 66% were clear about the current interest rate.

### Strategic Objective 3. A POSITIVE LOAN EXPERIENCE

To ensure that we are providing service excellence, the CSLP conducts a yearly survey of Canada Student Loan borrowers to assess their experience and satisfaction with the services they received during the year.

In 2005-2006, 75% of borrowers expressed satisfaction with the CSLP overall, a six percent increase over the previous year. Only 4% of borrowers expressed dissatisfaction. In addition, more borrowers believed service had improved (11%) than worsened (6%) over the previous year.

Specific to the National Student Loan Service Centre (NSLSC), borrowers in different phases of their loan cycle had experienced similar overall satisfaction ratings; clients in-study at 77%, and clients in repayment at 75% respectively. However, borrowers in public institutions gave a higher average rating compared to borrowers in private institutions.

A strong predictor of satisfaction is whether borrowers received their payment in time to pay tuition fees without penalty. Those who had received their loan in time to pay tuition fees were

much more likely to be satisfied with the length of time it took (63%) than those who did not (43%).

Other findings related to the service from the NSLSC include:

- Ninety-five percent (95%) of borrowers were satisfied with being served in their official language of choice.
- Seventy-four percent (74%) of borrowers were satisfied with the assistance they received from the NSLSC on responding to their inquiry on the initial contact.
- Seventy-three percent (73%) of borrowers were satisfied that their questions were answered completely.

It is also important to note that fewer borrowers encountered problems this loan year compared to the previous loan year, and of the borrowers who did, more were satisfied with the resolution they obtained.

### Strategic Objective 4. CANADA STUDENT LOANS PROGRAM INTEGRITY

Canada Student Loans are funded by Canadian taxpayers, and the CSLP ensures that it safeguards the integrity of the program vigorously. This includes working to reduce the loan default rate, managing the loan portfolio, and conducting audits and verifications to ensure proper program delivery and the integrity of financial statements.

35. Createc+: 2006 CSLP *Client Satisfaction Survey*, August 2006.



### Main Integrity Achievements and Activities for the 2005-2006 Loan Year:

- CSLP partnered with the Social Insurance Registry to validate the personal information associated with a Social Insurance Number (SIN) in an effort to reduce the risk of fraudulent applications. This protects against fraudulent use of borrowers' SIN to obtain funding for post-secondary education.
- Numerous financial audits and verifications were conducted by the CSLP in collaboration with Ontario, Saskatchewan, Newfoundland and Labrador and New Brunswick, as well as annual attest audits (which determine the accuracy of financial statements) of the direct lending regime and integrated student loans programs.
- Three joint compliance reviews by the provincial and federal governments of selected designated educational institutions in Manitoba, Nova Scotia and New Brunswick ensured that these institutions were abiding by the legislation and policy established for student financial assistance programs.
- An annual workshop held in Edmonton, Alberta brought together federal/provincial/territorial representatives along with non-government participants to discuss audit and integrity issues within student loan programs and develop solutions.
- The CSLP completed approximately 50 investigations resulting from allegations of abuse involving approximately \$0.5 million.

- Ongoing implementation of the Designation Policy Framework launched in 2004 established increased rigour with respect to the designation of post-secondary education institutions.
- The CSLP worked closely with the Royal Canadian Mounted Police (RCMP) to ensure that any suspicions of fraudulent activity were vigorously pursued.

### Portfolio Performance

The ability of the CSLP to decrease the number of students in default is a part of improving the performance, integrity and accountability of the Program. A borrower is considered to have defaulted on their student loans when the loan is in arrears for more than 270 days (roughly equivalent to missing nine monthly payments). Although default on a loan may occur anytime during the repayment period (normally 10 years), most defaults (more than 75%) occur within three years of entering repayment. The CSLP uses the three-year cohort default rate<sup>36</sup> as a main indicator of portfolio performance (see the text box **Default Reduction: a Comprehensive and Holistic Strategy at Work** on page 43).

- The three-year cohort default rate declined from 28% for the 2003-2004 repayment cohort to 18% for the 2004-2005 cohort. A further reduction of 3% is forecasted for the cohort of borrowers that entered into repayment in 2005-2006 (Table 10).

36. Of all the loans entering into repayment in a particular year, the proportion that goes into default during that year and two subsequent years is the three-year cohort default rate.

**Table 10 – Three-Year Cohort Loan Default Rates (%)**

Loan Year: August 1-July 31

Prov./Territory	2002-2003	2003-2004	2004-2005 P	2005-2006 F
CANADA	28.7	28.0	18.0	15.2
NL	22.4	29.5	20.4	16.3
PE	28.3	23.3	16.1	17.6
NS	35.2	33.5	22.8	18.2
NB	25.4	31.5	26.9	26.6
ON	27.6	25.6	15.2	11.2
MB	30.5	31.4	20.2	11.1
SK	32.5	28.0	19.9	17.1
AB	25.6	25.4	15.9	18.9
BC	32.6	31.4	20.6	17.4
Institution Type	2002-2003	2003-2004	2004-2005 P	2005-2006 F
University	18.4	20.5	12.0	7.0
College	29.2	31.6	19.5	10.6
Private Institution	46.9	40.7	33.7	28.9

P: Preliminary

F: Forecast

- Notes: 1. A loan is deemed in default when it is in arrears for more than 270 days under the direct lending regime.  
 2. Of all the loans entering into repayment in a particular year, the proportion that goes into default during that year and two subsequent years is the three-year cohort default rate.  
 3. In August 2003, the automatic pre-authorized payment plan was temporarily unavailable for legal reasons. This situation had led to higher than normal default for the consolidating cohort for the year 2003-2004, as noted in the *Actuarial Report* as of July 31, 2004.

## Default Reduction: A Comprehensive And Holistic Strategy At Work

One main indicator on portfolio performance is the cohort default rate. Every time a borrower defaults on their student loan, the government incurs financial loss. More than half of all defaulted loans are eventually recovered through "collection" action, but the loss is still substantial. For example, nearly \$300 million were entered into government accounts as future potential default loss due to the loans disbursed in 2005-2006 (see **Table 11**). The Government of Canada is equally concerned with the negative consequence of collection actions (including bad credit rating) on the financial future of the student borrowers.

Therefore, reducing the number of borrowers who default has become one of the key objectives of the CSLP. The CSLP has put in place a comprehensive and holistic portfolio management strategy to reduce defaults. Results from this strategy are clearly demonstrated in **Table 10**, which indicates that the three-year cohort default rate declined from 28% for the 2003-2004 repayment cohort to 18% for the 2004-2005 cohort. A further reduction of three percentage points is forecasted for the cohort entering repayment in 2005-2006.

The strategy to reduce defaults focuses on enhanced communication and relationship building with the borrowers that are unaware of the existence of assistance programs available to them, such as Interest Relief and Debt Reduction in Repayment (see **Chapter 7**). For example, the CSLP, in partnership with provincial/territorial partners, has put in place a Designation Policy Framework, which will allow the federal and provincial student loans programs to monitor the repayment rates for individual schools, and then work with the schools to ensure that the borrowers are well informed of their rights and obligations. Another part of the strategy focuses on engaging the schools directly in projects and initiatives to field test what works well and what does not in counselling the borrowers on student loans. A third integral part of the strategy is to work with our service providers, who administer the loans program, to improve communication with the borrowers.

One initiative that has already had significant impact is the Pre-Consolidation Counselling Campaign, which is described in the 2004-2005 *Annual Report*. This initiative was created following research findings which showed that a large proportion of borrowers who default on their student loans do so at the beginning of the repayment period after missing their very first payment. In 2002-2003 and 2003-2004, for example, this group of borrowers – First Payment Delinquents – alone contributed 14% and 19% respectively to the default rate (see the table). The CSLP developed an econometric model to pre-emptively identify borrowers who might miss their first payment once they entered repayment, and these borrowers were called by our service providers and provided with information on repayment obligations, repayment options and other assistance programs. The First Payment Delinquency rate continues to improve as a result of this initiative. In terms of default rate, this group of borrowers contributed only 10% for the 2004-2005 cohort, and is expected to contribute only 6% for the 2005-2006 cohort of borrowers. In three years, default due to First Payment Delinquency has decreased from 14% to 6%.

The Pre-Consolidation Counselling Campaign is one example of partnerships working to implement innovative ideas to reduce the default rate.

	Repayment Cohort			
	2002-03	2003-04	2004-05	2005-06(F)
3-year Default Rate	29%	28%	18%	15%
Caused by First Payment Delinquency	14%	19%	10%	6%





PART IV  
**FINANCIAL  
DETAILS**



## 8. FINANCIAL DATA

All data in this section represent the fiscal year April 1, 2005 to March 31, 2006.

### 8.1. CONSOLIDATED REPORT ON THE CANADA STUDENT LOANS PROGRAM<sup>37</sup>

In August 2000, the Canada Student Loans Program (CSLP) was shifted from the risk-shared financing arrangements that had been in place with financial institutions between 1995 and July 2000 to a direct student loan financing plan. In the new arrangement, the Government of Canada provides the necessary funding to students and two service providers have contracts to administer the loans.

#### Reporting Entity

The entity detailed in this report is the CSLP only and does not include departmental operations related to the delivery of the CSLP. Expenditure figures are primarily statutory in nature, made under the authority of the *Canada Student Loans Act* (CSLA) and the *Canada Student Financial Assistance Act* (CSFAA).

#### Basis of Accounting

The financial figures are prepared in accordance with generally accepted accounting principles and as reflected in the *Public Sector Accounting Handbook* of the Canadian Institute of Chartered Accountants.

#### Specific Accounting Policies

##### Revenues

Two sources of revenue are reported: interest revenue on Direct Loans and recoveries on Guaranteed and Put Back Loans. Government

accounting practices require that recoveries from both sources be credited to the government's Consolidated Revenue Fund. They do not appear along with the expenditures in the CSLP accounts, but are reported separately in the financial statements of Human Resources and Social Development Canada (HRSDC) and the government.

#### A. Interest Revenue on Direct Loans —

Borrowers are required to pay simple interest on their student loans once they leave full-time studies. At the time they leave school, students have the option of selecting a variable (prime + 2.5%) or fixed (prime + 5%) interest rate. The figures represent the interest accrued on the outstanding balance of the government-owned Direct Loans. Borrowers continue to pay the interest accruing on the guaranteed and risk-shared loans directly to the private lender holding these loans. Effective August 1, 2005, the weekly loan limit increased from \$165 per week to \$210 per week of study. As more funds will be available to students, total loan disbursements will likely grow, and as a result, the interest revenue generated will likely increase.

#### B. Recoveries on Guaranteed Loans —

The government reimburses the private lenders for any loans issued prior to August 1, 1995, that go into default (i.e., lenders claim any amount of principal and interest not repaid in full). The figures represent the recovery of principal and interest on these defaulted loans.

37. *Human Resources and Skills Development Canada Departmental Performance Report 2005-2006*. This document can be found at [www.tbs-sct.gc.ca/dpr-rmr/0506/HRSDC-RHDSC/hrsdsc-rhdsc\\_e.asp](http://www.tbs-sct.gc.ca/dpr-rmr/0506/HRSDC-RHDSC/hrsdsc-rhdsc_e.asp)

### C. Recoveries on Put-back Loans —

Under the risk-shared agreements, the government will purchase from the participating financial institutions any loans issued between August 1, 1995 to July 31, 2000, that are in default of payments for at least 12 months after the period of study, that in aggregate, do not exceed 3% of the average monthly balance of the lender's outstanding student loans in repayments. The amount paid is set at 5% of the value of the loans in question. The figures represent the recovery of principal and interest on these loans.

*Canada Study Grants and Canada Access Grants*  
Canada Study Grants (CSG) and Canada Access Grants (CAG) improve access to post-secondary education by providing non-repayable financial assistance to post-secondary students. Four types of CSGs are available to assist: (1) students with permanent disabilities in order to meet disability-related educational expenses (up to \$8,000 annually); (2) students with dependants (up to \$3,120 for full-time students and up to \$1,920 for part-time students, annually); (3) high-need part-time students (up to \$1,200 annually); and (4) women in certain fields of Ph.D. studies (up to \$3,000 annually for up to three years). Two CAGs are available since August 1, 2005, to assist: (1) students from low-income families entering their first year of post-secondary studies (50% of tuition, up to \$3,000); and (2) students with permanent disabilities in order to assist with education and living expenses (up to \$2,000 annually).<sup>38</sup>

#### *Collection Costs*

These amounts represent the cost of using private collection agencies to collect defaulted Canada Student Loans. The loans being collected include:

risk-shared and guaranteed loans that have gone into default and for which the government has bought back from the private lender; and Direct Loans issued after July 31, 2000, that are returned to HRSDC by the third party Service Provider as having defaulted. As of August 1, 2005, the Canada Revenue Agency (CRA) Non Tax Collections Directorate undertook the responsibility for the administration of the collection activities of the guaranteed, risk-shared and direct student loans.

#### *Service Provider Costs*

CSLP uses third party service providers to administer loan origination, in-study loan management, post-studies repayment activities and debt management. This item represents the cost associated with these contracted services.

#### *Risk Premium*

Risk premium represents part of the remuneration offered to lending institutions participating in the risk-shared program from August 1, 1995 to July 31, 2000. The risk premium represents 5% of the value of loans being consolidated which is calculated and paid at the time students leave studies and go into repayment. In return, the lenders assume the risk associated with non-repayment of these loans.

#### *Put-Back*

Subject to the provisions of the contracts with lending institutions, the government will purchase from a lender the student loans that are in default of payment for at least 12 months and that, in aggregate, do not exceed 3% of the average monthly balance of the lender's outstanding student loans in repayment. The amount paid is set at 5% of the value of the loans in question. The figures also include any refund made to participating financial institutions on the recoveries.

38. The new Canada Access Grant for Student with Permanent Disabilities has replaced the Canada Study Grant for High-need Students with Permanent Disabilities.



***Administrative Fees to Provinces and Territories***  
Pursuant to the *Canada Student Financial Assistance Act* (CSFA), the government has entered into arrangements with nine provinces and one territory to facilitate the administration of the CSLP. They administer the application and needs assessment activities associated with federal student financial assistance and in return they are paid an administrative fee. As of August 1, 2005, administrative fees paid to provinces were increased to improve the compensation for their part in the administration of the CSLP.

***In-Study Interest Borrowing Expense***

The capital needed to issue the Direct Loans is raised through the Department of Finance's general financing activities. The cost of borrowing this capital is recorded in the Department of Finance's overall financing operations. The figures represent the cost attributed to CSLP in support of Direct Loans while students are considered in study status. Weekly loan limits increased effective August 1, 2005. As more funds will be available to students, total loan disbursements are likely to grow, and as a result the in-study interest borrowing expense will rise.

***In-Repayment Interest Borrowing Expense***

The capital needed to issue the Direct Loans is raised through the Department of Finance's general financing activities. The cost of borrowing this capital is recorded in the Department of Finance's overall financing operations. The figures represent the cost attributed to CSLP in support of Direct Loans while students are in repayment of their Canada Student Loans.

***In-Study Interest Subsidy***

A central feature of federal student assistance is that student borrowers are not required to pay the interest on their student loans as long as they are in full-time study and, in the case of loans

negotiated prior to August 1, 1993, for six months after the completion of studies. Under the guaranteed and risk-shared programs, the government pays the interest to the lending institutions on behalf of the student.

***Interest Relief***

Assistance may be provided to cover loan interest and suspend payments on the principal of loans in repayment for up to 54 months for borrowers experiencing temporary difficulties repaying their loans. The shift from Guaranteed and Risk-Shared Loans to Direct Loans did not alter interest relief for loans in distress from the borrower's perspective; however, the method of recording associated costs changed. For loans issued prior to August 1, 2000, CSLP compensates lending institutions for lost interest equal to the accrued interest amount on loans under Interest Relief. For loans issued after August 1, 2000, an interest relief expense is recorded to offset the accrued interest on direct loans. Effective August 1, 2005, income thresholds used to determine IR eligibility increased in order to make IR accessible to a greater number of borrowers.

***Debt Reduction in Repayment***

Debt Reduction in Repayment (DRR) assists borrowers experiencing long-term difficulties repaying their loans. DRR is a federal repayment assistance program through which the Government of Canada reduces a qualifying borrower's outstanding Canada Student Loans principal to an affordable amount after Interest Relief has been exhausted and only after 5 years have passed since the borrower ceased to be a student. As of August 1, 2005, the maximum amount of DRR assistance is \$26,000, which is available to eligible borrowers in an initial reduction of up to \$10,000, a second reduction of up to \$10,000 and a final reduction of up to \$6,000. For loans issued prior to August 1, 2000, CSLP

pays the lending institutions the amount of student debt principal reduced by the Government of Canada under DRR. For loans issued after August 1, 2000, the Government of Canada forgives a portion of the loan principal.

### *Claims Paid and Loans Forgiven*

From the beginning of the program in 1964 until July 31, 1995, the government fully guaranteed all loans issued to students by private lenders. The government reimburses private lenders for any of these loans that go into default (i.e., subject to specific criteria, lenders may claim any amount of principal and interest not repaid in full, after which the Canada Revenue Agency's (CRA) Collection Services will attempt to recover these amounts).<sup>39</sup>

The risk-shared arrangements also permitted loans issued from August 1, 1995 to July 31, 2000 to be guaranteed under specific circumstances. This item represents the costs associated with loan guarantees.

Pursuant to the *Canada Student Loans Act* and the *Canada Student Financial Assistance Act*, the government incurs the full amount of the unpaid principal plus accrued interest in the event of the death of the borrower or, if the borrower becomes permanently disabled and cannot repay the loan without undue hardship.

### *Bad Debt Expense*

Under Direct Loans, the government owns the loans issued to students and must record them as assets. As a result, generally accepted accounting principles require a provision be made for potential future losses associated with these loans. The provision must be made in the year the loans are issued even though the losses may occur many years later. The figures represent the annual expense against the provisions for Bad Debt and Debt Reduction in Repayment on Direct Loans.

### *Alternative Payments to Non-participating Provinces and Territories*

Provinces and territories may choose not to participate in the CSLP. These provinces and territories receive an alternative payment to assist in the cost of delivering a similar student financial assistance program.

39. An announcement was made on August 1, 2005, which transfers collections activities previously carried out by Social Development Canada (SDC) to Canada Revenue Agency.

**Table 11 – Consolidated Canada Student Loans Programs – Combined Programs**

<i>(Millions of dollars)</i>	Actual		2005-2006	
	2003-2004	2004-2005	Forecast	Actual
<b>Revenues</b>				
Interest Revenue on Direct Loans	174.3	226.6	286.6	315.7
Recoveries on Guaranteed Loans	91.3	76.2	63.7	66.8
Recoveries on Put-Back Loans	9.6	11.0	13.6	13.1
<b>Total Revenues</b>	<b>275.2</b>	<b>313.8</b>	<b>363.9</b>	<b>395.6</b>
<b>Expenses</b>				
<i>Transfer Payments</i>				
Canada Study and Canada Access Grants	66.8	64.5	128.0	129.7
<i>Loan Administration</i>				
Collection Costs	13.4	14.8	19.4	13.6
Service Bureau Costs	41.0	46.0	66.3	50.2
Risk Premium	11.7	5.5	7.5	2.7
Put-Back	4.3	4.2	4.9	4.3
Administrative Fees to Provinces and Territories	8.8	9.4	15.7	13.9
<b>Total Loan Administration Expenses</b>	<b>79.2</b>	<b>79.9</b>	<b>113.8</b>	<b>84.7</b>
<i>Cost of Government Support</i>				
<i>Benefits Provided to Students</i>				
In-Study Interest Borrowing Expense (Class A) <sup>a</sup>	148.6	163.8	173.4	159.3
In-Repayment Interest Borrowing Expense (Class B) <sup>a</sup>	68.1	96.6	164.3	111.4
In-Study Interest Subsidy	27.4	16.1	13.8	12.1
Interest Relief	73.8	63.2	66.8	67.2
Debt Reduction in Repayment	10.7	27.1	20.7	31.4
Claims Paid and Loans Forgiven	34.8	27.7	17.9	24.8
<i>Bad Debt Expense<sup>c</sup></i>				
Debt Reduction in Repayment Expense	11.5	11.5	12.2	13.3
Bad Debt Expense	193.3	456.2	219.7	297.2
<b>Total Cost of Government Support Expenses</b>	<b>568.2</b>	<b>862.2</b>	<b>688.8</b>	<b>716.7</b>
<b>Total Expenses</b>	<b>714.2</b>	<b>1006.6</b>	<b>930.6</b>	<b>931.1</b>
<b>Net Operating Results</b>	<b>439.0</b>	<b>692.8</b>	<b>566.7</b>	<b>535.5</b>
Alternative Payments to Non-Participating Provinces <sup>d</sup>	244.8	175.8	146.6	158.2
<b>Final Operating Results</b>	<b>683.8</b>	<b>868.6</b>	<b>713.3</b>	<b>693.7</b>

a. These costs are related to Canada Student Direct Loans but reported by Social Development Canada (SDC).

b. These costs are related to Canada Student Direct Loans but reported by the Department of Finance.

c. This represents the annual expense against the Provisions for Bad Debt and Debt Reduction in Repayment as required under Accrual Accounting. The Bad Debt Expense figure for 2004-2005 include an adjustment of \$257.1 M following the revised Bad Debt Provision Rate published by the Office of the Chief Actuary in the Actuarial Report on the CSLP as at July 31, 2004. This adjustment is retroactive back to the beginning of the Direct Loans Regime (2000).

d. Starting in 2003-2004, the figures represent the annual expense recorded under the Accrual Accounting as opposed to the actual amount disbursed to the Non-Participating Provinces. For 2005-2006, the total amount disbursed as Alternative Payments is \$161.3 M.

## 9. APPENDICES

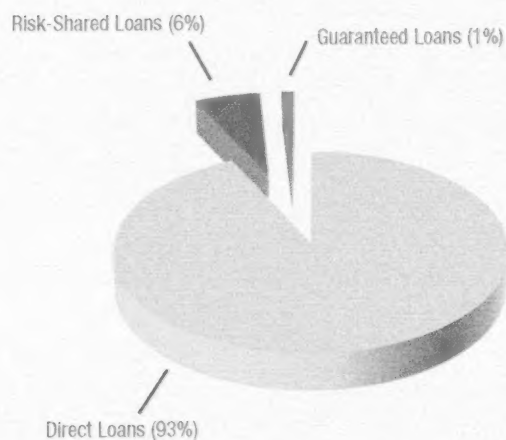
### APPENDIX A CANADA STUDENT LOAN PORTFOLIO

March 31, 2003 to March 31, 2006 (\$ Millions)

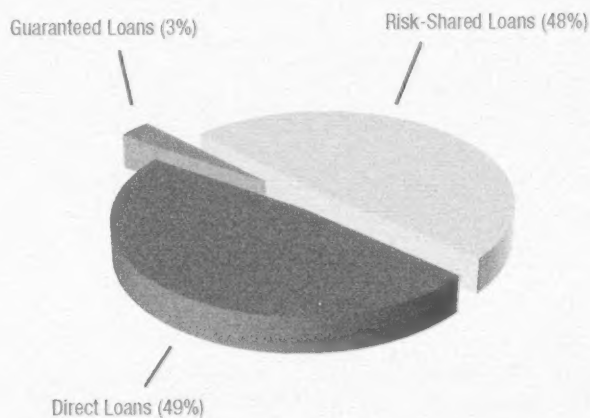
As at March 31	Guaranteed		Risk-Shared		Direct Loans		Total (Guaranteed, Risk-Shared & Direct)		
	Loans In-Study	Loans In-Repayment	Loans In-Study	Loans In-Repayment	Loans In-Study	Loans In-Repayment	Loans In-Study	Loans In- Repayment	Loans In- Study & In- Repayment
2003	83.8	514.0	887.2	4,574.6	2,875.1	1,247.3	3,846.1	6,335.9	10,182.0
2004	58.2	386.0	584.6	4,162.4	3,339.1	2,079.2	3,981.9	6,627.6	10,609.5
2005	38.8	287.0	392.9	3,656.8	3,645.0	2,602.7	4,076.7	6,546.5	10,623.2
2006	26.1	214.4	263.1	3,165.9	4,154.4	3,225.3	4,443.6	6,605.6	11,049.2

Source: Comptroller's Office, Financial and Administrative Services  
Fiscal Year: April 1-March 31

In-Study Loans as of March 31, 2006



In-Repayment Loans as of March 31, 2006





## APPENDIX B BORROWERS BY MARITAL STATUS

### Marital Status of Full-Time Borrowers

Marital Status	2004-2005			2005-2006		
	No. of Borrowers	Value of Loans (\$ Millions)	Average (\$)	No. of Borrowers	Value of Loans (\$ Millions)	Average (\$)
Single	285,065	1,342.3	4,709	295,916	1,612.4	5,449
Married	31,263	169.0	5,405	28,516	187.9	6,590
Other	20,928	117.5	5,615	19,206	134.7	7,013
<b>Total</b>	<b>337,256</b>	<b>1,628.8</b>	<b>4,829</b>	<b>343,638</b>	<b>1,935.0</b>	<b>5,631</b>

Loan Year: August 1-July 31

### Marital Status of Part-Time Borrowers

Marital Status	2004-2005			2005-2006		
	No. of Borrowers	Value of Loans (\$ Millions)	Average (\$)	No. of Borrowers	Value of Loans (\$ Millions)	Average (\$)
Single	1,810	3.2	1,783	1,489	2.6	1,769
Married	462	0.9	1,905	358	0.7	1,921
Other	300	0.5	1,727	280	0.5	1,768
<b>Total</b>	<b>2,572</b>	<b>4.6</b>	<b>1,798</b>	<b>2,127</b>	<b>3.8</b>	<b>1,795</b>

Loan Year: August 1-July 31

## APPENDIX C BORROWERS BY AGE

### Full-Time Borrowers by Age

Age	2004-2005			2005-2006		
	No. of Borrowers	Value of Loans (\$ Millions)	Average (\$)	No. of Borrowers	Value of Loans (\$ Millions)	Average (\$)
Under 21	158,171	691.5	4,372	164,524	808.7	4,915
22-25 Yrs	100,423	507.8	5,056	102,284	616.5	6,027
26-29 Yrs	35,193	189.9	5,397	35,250	230.0	6,525
30 & Over	43,469	239.6	5,511	41,580	279.8	6,730
<b>Total</b>	<b>337,256</b>	<b>1,628.8</b>	<b>4,829</b>	<b>343,638</b>	<b>1,935.0</b>	<b>5,631</b>

Loan Year: August 1-July 31

### Part-Time Borrowers by Age

Age	2004-2005			2005-2006		
	No. of Borrowers	Value of Loans (\$ Millions)	Average (\$)	No. of Borrowers	Value of Loans (\$ Millions)	Average (\$)
Under 21	711	1.3	1,760	334	0.6	1,683
22-25 Yrs	642	1.1	1,779	652	1.2	1,793
26-29 Yrs	368	0.7	1,901	351	0.6	1,714
30 & Over	851	1.5	1,800	790	1.5	1,878
<b>Total</b>	<b>2,572</b>	<b>4.6</b>	<b>1,798</b>	<b>2,127</b>	<b>3.8</b>	<b>1,795</b>

Loan Year: August 1-July 31

## APPENDIX D BORROWERS BY GENDER

### Full-Time Borrowers by Gender

Gender	2004-2005			2005-2006		
	No. of Borrowers	Value of Loans (\$ Millions)	Average (\$)	No. of Borrowers	Value of Loans (\$ Millions)	Average (\$)
Female	202,364	987.9	4,882	206,412	1180.7	5,720
Male	134,892	640.9	4,751	137,226	754.3	5,497
Total	337,256	1628.8	4,829	343,638	1935.0	5,631

Loan Year: August 1-July 31

### Part-Time Borrowers by Gender

Gender	2004-2005			2005-2006		
	No. of Borrowers	Value of Loans (\$ Millions)	Average (\$)	No. of Borrowers	Value of Loans (\$ Millions)	Average (\$)
Female	1,732	3.1	1,808	1,462	2.6	1,805
Male	840	1.5	1,780	663	1.2	1,771
Total	2,572	4.6	1,798	2,127	3.8	1,795

Loan Year: August 1-July 31

## APPENDIX E BORROWERS BY STUDY LEVEL

### Full-Time Borrowers by Study Level

Study Level	2004-2005			2005-2006		
	No. of Borrowers	Value of Loans (\$ Millions)	Average (\$)	No. of Borrowers	Value of Loans (\$ Millions)	Average (\$)
Doctorate	2,622	16.9	6,439	2,699	21.0	7,760
Master's	11,902	70.8	5,948	11,953	86.1	7,209
Undergraduate	189,949	908.1	4,781	197,417	196.4	5,550
Non-Degree	132,783	633.0	4,767	131,569	731.7	5,565
<b>Total</b>	<b>337,256</b>	<b>1,628.8</b>	<b>4,829</b>	<b>343,638</b>	<b>1,935.0</b>	<b>5,631</b>

Loan Year: August 1-July 31

### Part-Time Borrowers by Study Level

Study Level	2004-2005			2005-2006		
	No. of Borrowers	Value of Loans (\$ Millions)	Average (\$)	No. of Borrowers	Value of Loans (\$ Millions)	Average (\$)
Doctorate	*	0.0	1,743	*	0.0	1,793
Master's	75	0.2	2,375	57	0.1	2,296
Undergraduate	1,114	1.9	1,667	919	1.6	1,693
Non-Degree	1,379	2.6	1,874	1,149	2.1	1,851
<b>Total</b>	<b>2,572</b>	<b>4.6</b>	<b>1,798</b>	<b>2,127</b>	<b>3.8</b>	<b>1,795</b>

Loan Year: August 1-July 31

\* Note: Number of borrowers lower than 10 have been suppressed.



## APPENDIX F BORROWER MOBILITY FROM PROVINCE TO PROVINCE

### Borrower Mobility by Province

Prov./Territory	2004-2005 Borrowers					2005-2006 Borrowers				
	Remaining in Home Prov.		Moving Outside Home Prov.		Total	Remaining in Home Prov.		Moving Outside Home Prov.		Total
	#	% Total	#	% Total		#	% Total	#	% Total	
NL	8,793	84.6	1,602	15.4	10,395	8,206	85.1	1,434	14.9	9,640
PE	1,971	60.1	1,309	39.9	3,280	1,967	60.7	1,272	39.3	3,239
NS	12,775	79.6	3,269	20.4	16,044	12,543	78.9	3,352	21.1	15,895
NB	11,717	75.9	3,717	24.1	15,434	12,184	76.5	3,734	23.5	15,918
ON	157,130	93.9	10,224	6.1	167,354	170,900	93.9	11,116	6.1	182,016
MB	7,798	84.9	1,382	15.1	9,180	7,929	85.2	1,376	14.8	9,305
SK	11,138	78.8	2,994	21.2	14,132	10,274	77.6	2,971	22.4	13,245
AB	35,383	85.4	6,039	14.6	41,422	31,891	84.3	5,953	15.7	37,844
BC	52,381	87.6	7,383	12.4	59,764	49,244	87.5	7,062	12.5	56,306
YT	34	13.5	217	86.5	251	38	16.5	192	83.5	230
<b>Total</b>	<b>299,120</b>	<b>88.7</b>	<b>38,136</b>	<b>11.3</b>	<b>337,256</b>	<b>305,176</b>	<b>88.8</b>	<b>38,462</b>	<b>11.2</b>	<b>343,638</b>

Loan Year: August 1-July 31

### 2005-2006 Mobility of Canada Student Loan Borrowers - Province to Province

Prov./Territory Granting Loans	Province of Study													USA	Rest of the World	Total
	NL	PE	NS	NB	ON	MB	SK	AB	BC	YT	QC	NWT	CAN			
NL	8,206	73	535	213	324	11	14	91	56	*	44	*	9,567	45	28	9,640
PE	47	1,967	463	421	169	*	*	32	29	*	29	*	3,169	52	18	3,239
NS	295	283	12,543	1,158	716	32	29	144	117	*	172	*	15,489	314	92	15,895
NB	93	225	1,684	12,184	676	25	30	100	59	*	554	*	15,630	243	45	15,918
ON	159	46	1,543	439	170,900	415	146	905	1,245	*	1,874	*	177,673	2,894	1,449	182,016
MB	*	*	93	22	348	7,929	160	252	171	*	65	*	9,056	207	42	9,305
SK	*	9	190	11	289	225	10,274	1,627	317	*	53	*	13,001	201	43	13,245
AB	40	20	542	102	1,427	221	649	31,891	1,645	*	306	*	36,845	698	301	37,844
BC	30	11	328	80	2,090	251	314	2,277	49,244	*	519	*	55,148	703	455	56,306
YT	*	*	*	*	21	*	*	55	90	38	*	*	226	*	*	230
<b>Total</b>	<b>8,882</b>	<b>2,642</b>	<b>17,927</b>	<b>14,632</b>	<b>176,960</b>	<b>9,119</b>	<b>11,629</b>	<b>37,374</b>	<b>52,973</b>	<b>47</b>	<b>3,618</b>	<b>*</b>	<b>335,804</b>	<b>5,360</b>	<b>2,474</b>	<b>343,638</b>

Loan Year: August 1-July 31

\* Note: Number of borrowers lower than 10 have been suppressed.

## APPENDIX G FULL-TIME LOANS BY INSTITUTION TYPE

### Full-Time Loans by Institution Type

Institution Type	2004-2005			2005-2006		
	No. of Borrowers	Value of Loans (\$ Millions)	Average (\$)	No. of Borrowers	Value of Loans (\$ Millions)	Average (\$)
University	189,780	922.8	4,863	197,566	1,116.9	5,653
College	110,559	493.0	4,459	109,397	561.4	5,132
Private	37,259	212.9	5,715	37,020	256.7	6,934
Total*	337,256	1,628.8	4,829	343,638	1,935.0	5,631

Loan Year: August 1-July 31

\* Note: Overall number of borrowers for institutions are slightly greater than total numbers as borrowers may have taken loans from more than one institution type.

## APPENDIX H PART-TIME LOANS BY PROVINCE/TERRITORY AND BY INSTITUTION TYPE

### Part-Time Borrowers by Province/Territory

Province/Territory	2004-2005			2005-2006		
	No. of Borrowers	Value of Loans (\$ Millions)	Average (\$)	No. of Borrowers	Value of Loans (\$ Millions)	Average (\$)
NL	30	37.5	1,250	19	26.0	1,368
PE	49	143.5	2,929	52	117.8	2,189
NS	213	429.3	2,015	194	398.8	2,042
NB	110	171.2	1,556	102	146.3	1,427
ON	679	1,316.2	1,938	628	1,214.8	1,917
MB	167	336.6	2,015	166	317.2	1,882
SK	149	347.6	2,333	86	174.7	2,031
AB	932	1,248.0	1,339	651	951.1	1,446
BC	242	581.9	2,446	229	502.2	2,195
YT	*	2.5	2,465	*	0.0	0
Total	2,572	4,624.2	1,798	2,127	3,849.0	1,795

Loan Year: August 1-July 31

\* Note: Number of borrowers lower than 10 have been suppressed.

### Part-Time Loans by Institution Type

Institution Type	2004-2005			2005-2006		
	No. of Borrowers	Value of Loans (\$ Millions)	Average (\$)	No. of Borrowers	Value of Loans (\$ Millions)	Average (\$)
University	11,287	2.3	1,775	1,041	1.8	1,736
College	1,016	1.5	1,300	861	1.3	1,533
Private	269	0.8	3,020	225	0.7	3,064
<b>Total*</b>	<b>2,572</b>	<b>4.6</b>	<b>1,798</b>	<b>2,127</b>	<b>3.8</b>	<b>1,795</b>

Loan Year: August 1-July 31

\* Note: Overall number of borrowers for institutions are slightly greater than total numbers as borrowers may have taken loans from more than one institution type.

## APPENDIX I CANADA STUDENT LOAN INDEBTEDNESS

### Distribution of Canada Student Loan Indebtedness

Debt Level (\$)	2004-2005	2005-2006
Less than 5000	24%	22%
5,000 - 9,999	34%	34%
10,000 - 14,999	18%	17%
Above 15,000	25%	26%
<b>Average Debt (\$)</b>	<b>11,051</b>	<b>11,323</b>

### Average Indebtedness by Institution Type (\$)

Institution Type	2004-2005	2005-2006
University	14,342	14,708
College	8,845	9,020
Private	8,331	8,463
<b>Total</b>	<b>11,051</b>	<b>11,323</b>

### Average Indebtedness by Province/Territory (\$)

Province	2004-2005	2005-2006
AB	10,606	10,793
BC	11,007	11,665
MB	9,755	9,579
NB	11,609	12,349
NL	12,373	12,643
NS	13,311	13,702
ON	10,781	10,894
PE	13,025	13,285
SK	11,632	12,020
YT	11,216	11,302
<b>Total</b>	<b>11,051</b>	<b>11,323</b>

### Average Indebtedness by Age (\$)

Age	2004-2005	2005-2006
Under 21	5,704	5,852
22-25 yrs	10,439	10,664
26-29	14,010	14,217
30 & over	13,055	13,548
<b>Total</b>	<b>11,051</b>	<b>11,323</b>

Loan Year: August 1-July 31

Note: Figures represent a borrower's Canada Student Loan only. Borrowers may also have provincial or private (bank) loans.

### Average Indebtedness by Gender (\$)

Gender	2004-2005	2005-2006
Female	11,257	11,527
Male	10,763	11,040
Total	11,051	11,323

Loan Year: August 1-July 31

### Average Indebtedness by Age Group and Institution Type, 2005-2006 Loan Year (\$)

Age Group	University	College	Private
21 & Under	5,842	5,458	6,859
22-25 yrs	12,908	8,532	8,465
26-29	17,198	11,545	9,761
30 & over	19,440	11,676	8,640
Total	14,708	9,020	8,463

Loan Year: August 1-July 31

### Average Indebtedness by Gender and Institution Type, 2005-2006 Loan Year (\$)

Gender	University	College	Private
Female	15,009	9,565	8,286
Male	14,300	8,326	8,848
Total	14,708	9,020	8,463

Loan Year: August 1-July 31

Note: Figures represent a borrower's Canada Student Loan only. Borrowers may also have provincial or private (bank) loans.



## APPENDIX J

### INTEREST RELIEF

#### Interest Relief Recipients by Institution Type

Institution Type	2004-2005	2005-2006
University	45,017	45,965
College	39,967	38,447
Private	23,049	17,849
Not Stated/Not Available	155	77
<b>Total</b>	<b>108,188</b>	<b>102,338</b>

Loan Year: August 1-July 31

#### Interest Relief Recipients by Gender

Gender	2004-2005	2005-2006
Female	69,407	66,569
Male	38,626	35,692
Not Stated/Not Available	155	77
<b>Total</b>	<b>108,188</b>	<b>102,338</b>

Loan Year: August 1-July 31

#### Interest Relief Recipients by Province / Territory

Province	2004-2005	2005-2006
NL	7,243	6,725
PE	1,098	1,181
NS	8,052	7,142
NB	6,601	6,523
ON	50,324	49,535
MB	2,709	2,272
SK	4,695	4,109
AB	9,823	8,652
BC	17,337	16,031
YT	40	45
Not Stated/Not Available	266	123
<b>Total</b>	<b>108,188</b>	<b>102,338</b>

Loan Year: August 1-July 31

## 10. GLOSSARY

### Borrowers In-Grace:

The six-month period between when a borrower finishes school and is scheduled to begin repayment called the in-grace period. Interest on the loan begins to accumulate during this time, but no payment is necessary.

### Borrowers In Repayment:

In-repayment refers to borrowers who have completed post-secondary studies at least six months earlier and who are scheduled to begin payments on their Canada Student Loan(s).

### Borrowers In-Study:

In-study refers to borrowers who are still attending a post-secondary institution or are within six months of finishing school (grace period).

### Canada Access Grants:

Canada Access Grants (CAGs) improve access to post-secondary education by providing non-repayable financial assistance to post-secondary students. Two Canada Access Grants are available since August 1, 2005, to assist: (1) students from low-income families entering their first year of post-secondary studies (50% of tuition, up to \$3,000); and (2) students with permanent disabilities in order to assist with education and living expenses (up to \$2,000 annually).

### Canada Study Grants:

Canada Study Grants (CSGs) improve access to post-secondary education by providing non-repayable financial assistance to post-secondary students. Four types of Canada Study Grants are available to assist: (1) students with permanent disabilities in order to meet disability-related educational expenses (up to \$8,000 annually);

(2) students with dependants (up to \$3,120 for full-time students and up to \$1,920 for part-time students, annually); (3) high-need part-time students (up to \$1,200 annually); and (4) women in certain fields of Ph.D. studies (up to \$3,000 annually for up to three years).

### *Canada Student Financial Assistance Act (CSFAA):*

Enacted in 1995 to allow for a risk-sharing arrangement between the government and participating financial institutions.

### Consolidation:

Consolidation occurs when the borrower's status changes from in-study to in-repayment.

### CSLP:

Canada Student Loans Program.

### Debt Reduction in Repayment (DRR):

DRR is a federal repayment assistance program through which the Government of Canada reduces a qualifying borrower's outstanding Canada Student Loans principal to an affordable amount after Interest Relief has been exhausted and only after 5 years have passed since the borrower ceased to be a student. As of August 1, 2005, the maximum amount of DRR assistance is \$26,000, which is available to eligible borrowers in an initial reduction of up to \$10,000, a second reduction of up to \$10,000 and a final reduction of up to \$6,000. For loans issued prior to August 1, 2000, the CSLP pays the lending institutions the amount of student debt principal reduced by the Government of Canada under DRR. For loans issued after August 1, 2000, the Government of Canada forgives a portion of the loan principal.

**Direct Loans:**

As of August 2000, the federal government directly finances loans and has contracted third-party service providers to administer the loan process. The *Canada Student Financial Assistance Act* and its regulations were amended in 2000 to allow for directly financed loans.

**Guaranteed Loans:**

Between 1964 and 1994, financial assistance was provided to students through banks and credit unions in the form of 100% government-guaranteed loans.

**Integration Agreements:**

The CSLP currently has integration agreements with Ontario, New Brunswick, Newfoundland and Labrador and Saskatchewan. Students from these provinces can make payments on both their federal and provincial direct loans at the same time to the same place.

**In-study interest subsidy:**

A central feature of federal student assistance is that student borrowers are not required to pay the interest on their student loans as long as they are in full-time study and, in the case of loans negotiated prior to August 1, 1993, for six months after the completion of studies. Under the guaranteed and risk-shared programs, the government pays the interest to the lending institutions on behalf of the student.

**Interest Relief (IR):**

Assistance may be provided to cover loan interest and suspend payments on the principal of loans in repayment for up to 54 months for borrowers experiencing temporary difficulties repaying their loans. Effective August 1, 2005, income thresholds used to determine IR eligibility increased in order to make IR accessible to a greater number of borrowers.

**Loan Year:**

August 1 to July 31.

**National Student Loans Service Centre (NSLSC):**

NSLSC is the main point of contact for borrowers in managing their loans, and serves borrowers through different phases of the loan cycle; from loan disbursement to repayment and debt management.

**Post-Secondary Education:**

Post-secondary education includes public education institutions (university or community college) and private education institution (trade school, private vocational school and/or career college).

**Revision of Terms:**

Revision of Terms is a feature that provides the borrower with the flexibility to manage their loan repayment in a way that is responsive to their situation. It can be used as a debt management measure designed to decrease monthly payments, alternately, it can be used to increase the loan payments to allow the borrower to pay off the loan in full more quickly.

**Risk-Shared Loans:**

In 1995, the *Canada Student Financial Assistance Act* (CSFAA) was introduced to administer the risk-shared loan regime, whereby the financial institutions assumed responsibility for the possible risk of defaulted loans in return for a fixed payment from the Government.